impiana

Hotels Berhad

(formerly known as Bio Osmo Berhad)
(740838-A)

2018 ANNUAL REPORT

Impiana Hotels Berhad
(formerly known as Bio Osmo Berhad)
(740838-A)

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CORPORATE INFORMATION

Board of Directors

Dato' Seri Ismail @ Farouk bin Abdullah [1]
Executive Chairman

En Azrin Mirzhan bin Kamaluddin [2]
Executive Director

En Shahrizal Hisham bin Dato' Setia Abdul Halim
Executive Director

Mr Wong Kok Seong
Independent Non-Executive Director

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

Datuk Mohammad Kamal bin Yan Yahaya [3]
Non-Independent Non-Executive Director

Dato' Yahya bin A. Jalil [3]
Non-Independent Non-Executive Director

Dyana Sofya binti Mohd Daud [4]
Non-Independent Non-Executive Director

En Auzir bin Mohd Yaacob [5]
Independent Non-Executive Director

Dato' Latt Shariman bin Abdullah [3, 6]
Non-Independent Non-Executive Director

Note:-
[1] *Appointed as Executive Chairman on 18 April 2019*
[2] *Appointed as Executive Director on 24 Oct 2017*
[3] *Appointed as Non-Independent & Non-Executive Director on 24 Oct 2017*
[4] *Appointed as Non-Independent & Non-Executive Director on 30 May 2018*
[5] *Resigned as Independent & Non-Executive Director on 24 Oct 2017*
[6] *Resigned as Non-Independent & Non-Executive Director on 30 May 2018*

Audit Committee

Chairman
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif

Members
Mr Wong Kok Seong
Dyana Sofya binti Mohd Daud [1]
En Auzir bin Mohd Yaacob [2]
Dato' Latt Shariman bin Abdullah [3]

Note:-
[1] *Appointed as member on 30 May 2018*
[2] *Resigned as member on 24 Oct 2017*
[3] *Appointed as member on 19 January 2018 and resigned as member on 30 May 2018*

Nomination Committee

Chairman
Mr Wong Kok Seong

Member
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif
Datuk Mohammad Kamal bin Yan Yahaya [1]
En Auzir bin Mohd Yaacob [2]

Note:-
[1] *Appointed as member on 19 Jan 2018*
[2] *Resigned as member on 24 Oct 2017*

Remuneration Committee

Chairman
Mr Wong Kok Seong

Member
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif
Dato' Yahya bin A. Jalil [1]

Note:-
[1] *Appointed as member on 19 Jan 2018*

Company Secretary
Ms Siew Suet Wei
MAICSA 7011254
Ms Lim Yen Teng
LS0010182
Ms Tee Siew Lee
LS0009570

Registered office
21st Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan
Malaysia.
Tel : +603 2141 6233
Fax :+603 2142 2295

Auditor
Baker Tilly Monteiro Heng PLT
(LLP0019411-LCA & AF0117)
Baker Tilly Tower, Level 10, Tower 1, Avenue 5
Bangsar South City, 59200 Kuala Lumpur, Malaysia.
Tel : +603 2297 1000 Fax :+603 2282 9980

Share Registrar
Boardroom Share Registrars Sdn Bhd (378993-D)
(formerly known as Symphony Share Registrars Sdn Bhd)
Level 6, Symphony House, Pusat Dagangan Dana 1
Jalan PJU 1A/46, 47301 Petaling Jaya, Malaysia.
Tel : +603 7841 8000 Fax :+603 7841 8151

Principal Bankers
CIMB Bank Berhad
RHB Bank Berhad
Public Bank Berhad

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

Website
www.bioosmobhd.com
www.impiana.com

Hotels Berhad

(formerly known as Bio Osmo Berhad)
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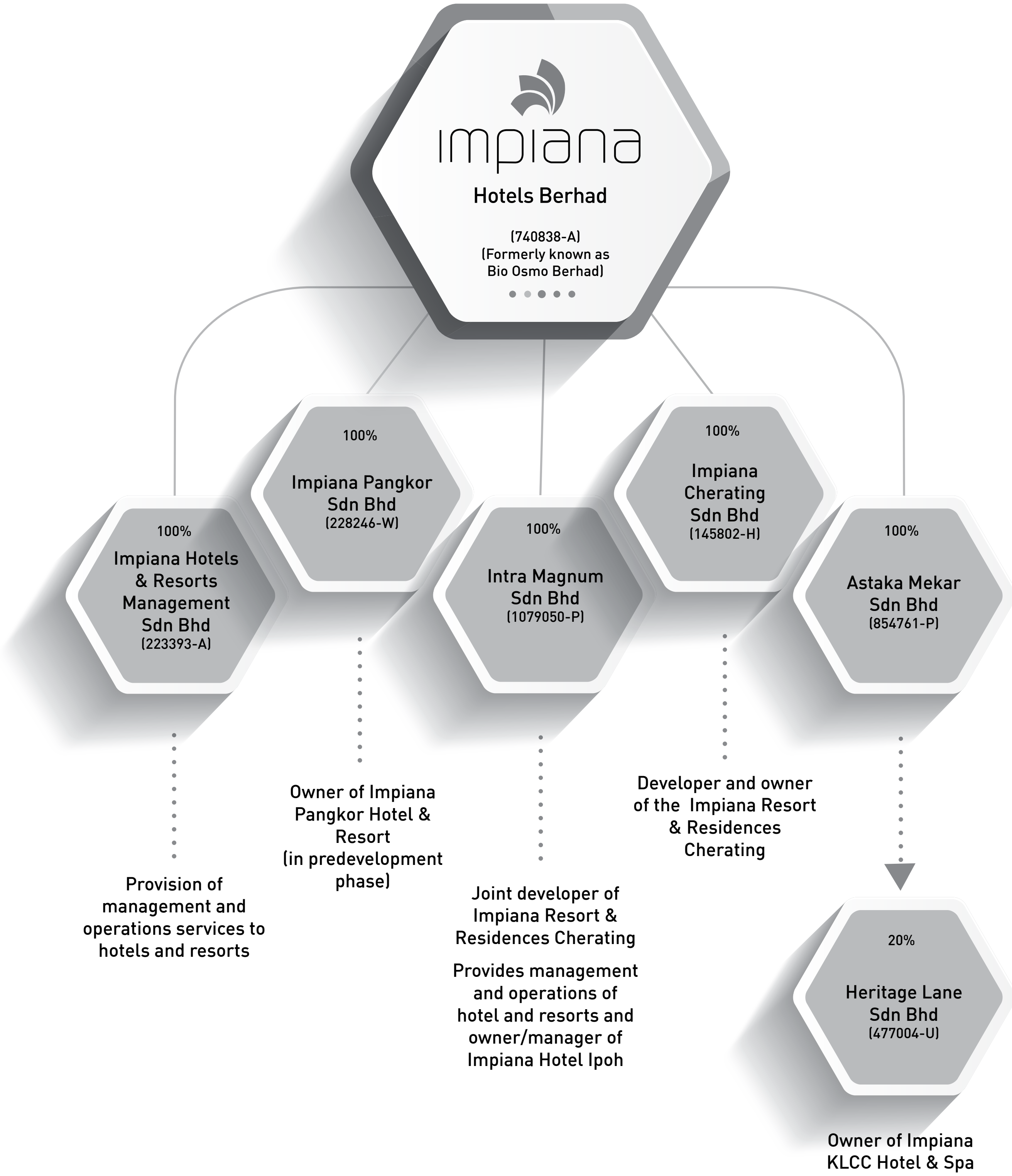
Impiana Private Villas Cemagi
Bali, Indonesia

GROUP STRUCTURE



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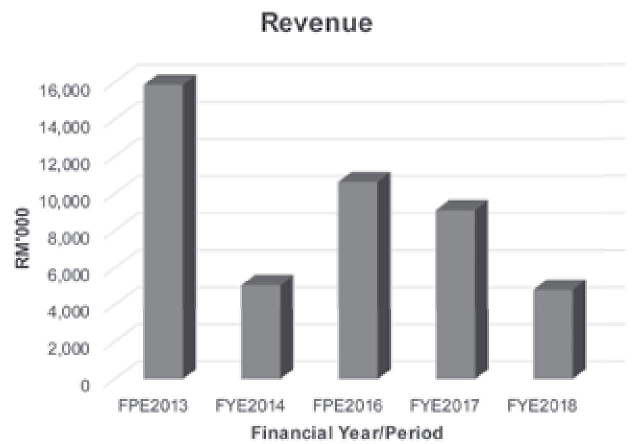
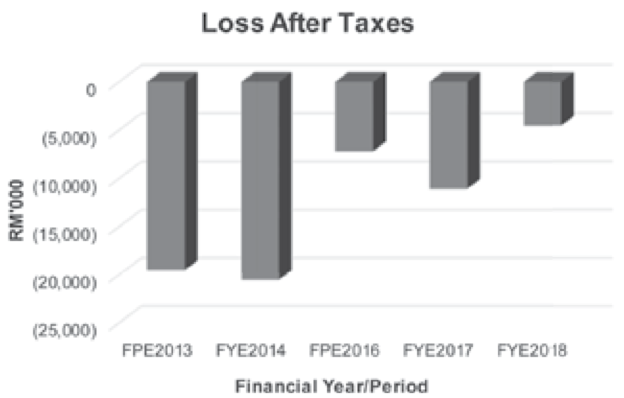
5-YEARS FINANCIAL HIGHLIGHTS

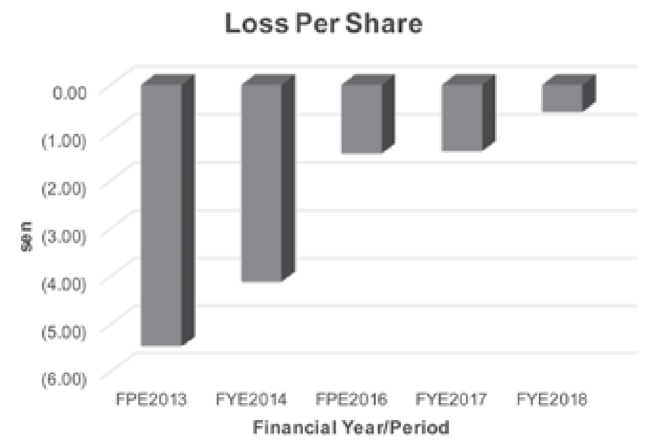
The highlights of Impiana Hotels Berhad (formerly known as Bio Osmo Berhad) financial information for the past 5 financial years are as follows:

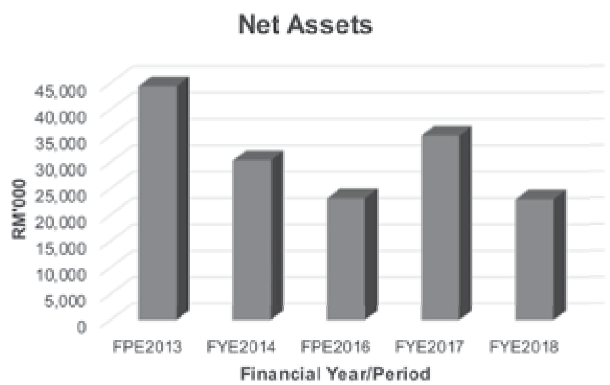
	18-mth FPE 31 Dec 13 *(RM'000)*	**FYE 31 Dec 14** *(RM'000)*	**18-mth FPE 30 Jun 16** *(RM'000)*	**FYE 30 Jun 17** *(RM'000)*	**18-mth FPE 31 Dec 18** *(RM'000)*
Revenue	15,863	5,074	10,632	9,106	4,823[1]
Finance costs	(412)	-	-	-	-
(Loss) / Profit before taxation	(16,108)	(20,528)	(7,099)	(9,842)	(2,935)[1]
(Loss) after tax	(19,502)	(20,528)	(7,185)	(11,072)	(4,513)[1]
Net assets ("NA")	44,419	30,373	23,188	35,032	22,989[1]
Total assets	49,722	37,080	28,090	45,950	31,062[1]
Borrowings	515	-	-	-	-
Liabilities/Equity (times)	0.12	0.22	0.21	0.31	0.35
No. of shares ('000)	355,360	498,660	498,660	795,363	795,363
(Loss) per share (sen)	(5.48)	(4.12)	(1.44)	(1.39)	(0.57)
NA per share (sen)	12.50	6.09	4.65	4.40	2.89
Dividend per share (RM)	-	-	-	-	-

Note: [1]Excludes discontinued operations









PROFILE OF BOARD OF DIRECTORS & KEY MANAGEMENT STAFF

Dato' Seri Ismail @ Farouk bin Abdullah
Malaysian, aged 73, Male

Executive Chairman

Dato' Seri Farouk was appointed to the Board on 18 April 2019. He holds a degree in Hotel Management from L'Ecole Hoteliere, Lausanne, Switzerland. Dato' Seri Farouk has more than 50 years experience in the hospitality industry both in Europe and Asia. In 1994, he founded the Impiana Group, which is involved in the development and management of hotels and resorts, travel and leisure, property development and education.

He was formerly an Independent Non-Executive Director of Shangri-La Hotels (Malaysia) Berhad from 1979 until 2018. He presently holds directorship in a number of private limited companies.

Dato' Seri Farouk is a major shareholder of the Company through his direct and indirect shareholdings in the Company.

His shareholdings in the Company as below:
Direct - 954,073,180 ordinary shares (17.05%)
Indirect - 2,977,906,520 ordinary shares (53.22%)
(Deemed interested by virtue of his shareholdings in Impiana Sdn Bhd)

He has abstained from deliberating and voting in respect to any transactions between the Company and related parties involving himself. He does not have any family relationship with any director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences, if any.

Azrin Mirzhan bin Kamaluddin
Malaysian, aged 47, Male

Executive Director

En Azrin was appointed on the Board on 24 October 2017. He graduated with a Bachelor of Laws LL.B (Honours) from London School of Economics and Political Science, University of London, United Kingdom in 1995. He has over two decades of top level management experience with an impeccable record under his stewardship. His earlier years were in the manufacturing industry followed by a stint in the Securities Commission of Malaysia. He subsequently spent a total of 10 years with a Malaysian diversified conglomerate, with the last four years as Country Head of its Indonesian subsidiary which was involved in the development of a luxury villas in Bali. Azrin joined Impiana Sdn Bhd as its Chief Operating Officer in 2015, a position he still holds.

En Azrin attended seven (7) Board Meetings held during the period from 1 July 2017 to the financial period ended 31 December 2018. He does not have any directorship in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences, if any.

PROFILE OF BOARD OF DIRECTORS & KEY MANAGEMENT STAFF (con't)

Shahrizal Hisham bin Dato' Setia Abdul Halim
Malaysian, aged 51, Male

Executive Director

En Shahrizal was appointed to the Board on 1 March 2014. He graduated with a Bachelor of Law (Honours) from The University of Wolverhampton in the United Kingdom. He began his legal practise with Messrs Sri Ram, Advocate & Solicitors. He is now a partner at another legal firm, Lawrence Hisham & Co., Advocates & Solicitors. 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 the Corporate Banking Department of D&C Sakura Merchant Bankers Berhad from 1993 to 1995.

His shareholding in the Company is disclosed in the Analysis of Shareholding section of this report.

He attended all eight (8) Board Meetings held during the period from 1 July 2017 to the financial period ended 31 December 2018. He does not hold any directorship in any other public listed companies. He does not have any 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 5 years other than traffic offences, if any.

Wong Kok Seong
Malaysian, aged 49, Male

Independent Non-Executive Director
Chairman of Remuneration Committee
Chairman of Nomination Committee
Member of Audit Committee

Mr Wong was appointed to the Board 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, he gained extensive exposure with an accounting firm, Appleby & Wood, where he was an audit partner from 1999 to 2005. On his return to Malaysia in 2006 and upon obtaining his audit license, he joined an audit firm Messrs. Hasnan THL Wong & Partners, and is currently its Managing Partner. He is also currently an Independent Non-Executive Director of PNE PCB Berhad and MNC Wireless Berhad.

His shareholding in the Company is disclosed in the Analysis of Shareholding section of this report.

Mr Wong attended all eight (8) Board Meetings held during the period from 1 July 2017 to the financial period ended 31 December 2018. 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.

On 4 December 2017, Mr. Wong was publicly reprimanded by the Securities Commission Malaysia with a fine of RM539,000 for breaching of the Securities Industry (Compliance with Approved Accounting Standards) Regulations and Capital Markets and Services Act 2007 in relation to his former directorship in Trive Property Group Berhad.

Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif
Malaysian, aged 46, Male

Independent Non-Executive Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee

Prof. Dr Amy was appointed to the Board on 18 August 2011 as representative of Perbadanan Nasional 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 holds a Ph.D in Franchising and Financial Planning from the University of Southern Queensland, Australia. He is also a Chartered Accountant and a member of the Malaysia Institute of Accountants, as well as a member of the Malaysian Institute of Management. He is currently a professor at the School of Economics, Finance and Banking, Universiti Utara Malaysia. He 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. He currently serve as an Independent Non-Executive Director of Khee San Berhad.

He attended all eight (8) Board Meetings held during the period from 1 July 2017 to the financial period ended 31 December 2018. 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 5 years, he has not been convicted for any offence other than traffic offence if any.

Datuk Mohammad Kamal bin Yan Yahaya
Malaysian, aged 65, Male

Non-Independent Non-Executive Director
Member of Nomination Committee

Datuk Kamal was appointed on the Board on 24 October 2017. He graduated with a Bachelor of Arts in International Relations (Honours) Degree from University of Malaya in 1977, and a Master of Science in Foreign Service from Georgetown University, USA in 1987. Datuk Kamal is a career diplomat, serving as Malaysian Ambassador to various countries such as Belgium, Luxembourg, European Union, Brazil, Cuba, Dominican Republic, Haiti, Jamaica and The Bahamas. He was the Personal Envoy of the Prime Minister of Malaysia to countries such as Egypt, Turkey, Saudi Arabia, Thailand and Namibia. He concurrently also served as Special Advisor to the Prime Minister for International Relations. He retired from the diplomatic corps in 2014.

He currently sits on the board and as Chairman of Malakoff Utilities Sdn Bhd, a wholly-owned subsidiary of Malakoff Corporation Bhd. He attended seven (7) Board Meetings held during the period from 1 July 2017 to the financial period ended 31 December 2018. He does not hold any directorship in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences, if any.

Dato' Yahya bin A. Jalil
Malaysian, aged 62, Male

Non-Independent Non-Executive Director
Member of Audit Committee

Dato' Yahya was appointed on the Board on 24 October 2017. He graduated from MARA Institute of Technology, Malaysia with a Diploma in Town & Country Planning in 1978. He has been involved in various business activities which include construction and facilities management in Malaysia since 1977.

He founded IC&E Group Sdn Bhd in 1991 and has completed numerous mega infrastructure and property projects. He is also the founder of several companies under the IBEX Group which amongst others, include Gerbang Perdana Sdn Bhd which was the design and build contractor for the Integrated Customs, Immigration & Quarantine (CIQ) Complex in Johor Bahru. His other notable business ventures were Harley-Davidson of Malaysia Sdn Bhd and H2O Sports Sdn Bhd, the organiser of the Formula 1 Powerboat Championship from 2001 to 2004.

He attended five (5) Board Meetings held during the period from 1 July 2017 to the financial period ended 31 December 2018. He does not hold any directorship in any other public listed companies. He does not have any family relationship with any director and/or major shareholder of the Company and he does not have any conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences, if any.

Dyana Sofya binti Mohd Daud
Malaysian, aged 31, Female

Non-Independent Non-Executive Director
Member of Audit Committee

Madam Dyana was appointed on the Board on 30 May 2018. In 2010, Madam Dyana graduated with a Bachelor of Laws with Honours from Universiti Teknologi MARA, Malaysia. She was admitted as an advocate & solicitor of the High Court of Malaya in 2011. She subsequently obtained a Master of Arts in International Studies and Diplomacy from School of Oriental and African Studies, University of London, UK, in 2016.

Upon her graduation, she started her pupillage in Messrs Azmi & Associates and commenced her practice in Messrs Nizamuddin Hamid & Co in 2012 as a partner dealing with corporate matters to the end of 2013. She has also served as political secretary to the Democratic Action Party Parliamentary Leader from 2013 to 2015. Upon her return to Malaysia in January 2017, she joined Messrs Gibb & Co as a legal assistant dealing with corporate matters in the Teluk Intan branch.

Madam Dyana is presently a partner of a legal firm, Ayub Dyana Zainal & Zakaria Advocates & Solicitors where her responsibilities include managing and advising clients on legal matters, focusing in the corporate field as well as managing the client relationship and public relations of the firm. She also currently serves as a Director in MTAG Group Berhad.

Madam Dyana attended two (2) Board Meetings held during the period from 1 July 2017 to the financial period ended 31 December 2018. She does not hold any directorship in any other public listed companies. She does not have any family relationship with any director and/or major shareholder of the Company and she does not have any conflict of interest with the Company. She has not been convicted for any offences within the past 5 years other than traffic offences, if any.

PROFILE OF BOARD OF DIRECTORS & KEY MANAGEMENT STAFF (con't)

Chang How Weng
Malaysian, aged 54, Male

Group Chief Operating Officer

Mr Chang joined the Company (formerly known as Bio Osmo Berhad) in 2009 as a member of the Executive Committee (EXCO) until it was subsequently dissolved in March 2011 where he assumed his current position. Based at the corporate head office, his main responsibilities are to oversee the business strategies and corporate development of the Company. He assists the Executive Directors on corporate planning, operations and pricing strategies for the Group's various products.

Mr Chang holds a Bachelor of Business Administration (cum laude) degree, majoring in Finance & Banking from the University of Mississippi, USA. He has over 25 years of working experience in the financial services sector. During the last eight years with the Company, he has acquired considerable knowledge and experience in the production, sales and marketing of drinking water and beverage industry.

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 5 years other than traffic offences, if any.

EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I have the honour to present to you the annual report of Impiana Hotels Berhad *(formerly known as Bio Osmo Berhad)* ("**Impiana**" or "**the Company**") for the 18-month financial period ended 31^{st} December 2018 ("FPE2018"). This report provides an overview of the Company during the last 18 months and touches on the prospects that lie ahead for us. During the FPE2018, Impiana was an investment holding company involved in the management, operations and development of hotels and resorts through its subsidiary, Intra Magnum Sdn. Bhd. ("**IMSB**"). The Company was until the end of 2018, involved in the business of processing, manufacturing and distribution of drinking water and other beverages through its now fully disposed subsidiary, Amshore Holdings Sdn. Bhd. ("**Amshore**").

Financial Performance

The disposal of Amshore marks a new beginning for the Company as a pure hospitality player, which I am optimistic will expedite the return to profits for the Company. The hospitality division represented by IMSB contributed 60% of Impiana's revenue and delivered a profit before tax of RM0.57 million in the FPE2018. Unfortunately, this profit was eclipsed by the losses sustained from the Company's bottled water manufacturing operations. The financial performances of both the hospitality and bottled water manufacturing operations will be detailed further in this annual report. Nonetheless, the disposal of Amshore will bode well for the Company as the bottled water manufacturing operations, which has been faced with continuous challenges due to increasing competition and rising production costs, will no longer negatively impact the Company's financial performance moving forward.

Outlook and Future Prospects

Following the disposal of Amshore, the Company has been re-invigorated with new hope. Moving forward, the completion of the acquisition of 5 new hospitality assets, namely Impiana Hotels & Resorts Management Sdn Bhd ("**Impiana Management**"), Impiana Cherating Sdn Bhd ("**Impiana Cherating**"), Astaka Mekar Sdn Bhd ("**Astaka Mekar**"), Impiana Pangkor Sdn Bhd and the Impiana Hotel Ipoh on 11 April 2019 further strengthens the position of the Company in the hospitality industry both locally and internationally. With a new name to mark a new dawn, Impiana Hotels Berhad (*formerly known as Bio Osmo Berhad)* is anticipated to perform significantly better moving forward. We expect to strengthen our footing in the hospitality industry within Southeast Asia and expand our reach beyond.

Impiana Management currently manages hotels and resorts in Malaysia, Thailand and Indonesia. In April 2019, Impiana Management has signed a hotel management contract to manage hotels in Seoul, Korea. This signing propels Impiana's reach beyond Southeast Asia and I hope it will be a catalyst to secure more hotel management contracts in the Greater Asian region. Talks are currently underway for management contracts in India. In Indonesia, the Impiana Resort & Villas Ubud, Bali, will commence operations in the 2nd half of 2019, and with it will commence hotel management revenues for Impiana Management. It is also hoped that better operating performances of other hotels under management in 2019 will also boost the profitability of Impiana Management.

In anticipation of improving demand, Impiana Management is also stepping up its efforts to grow revenues by expanding marketing initiatives in major target markets and by launching a digital capability enhancement initiative in order to boost direct bookings and on other digital channels. The future is digital and big data is key. We intend to leverage this to boost brand loyalty as this will aid in customer acquisition and retention plus increase repeat business.

EXECUTIVE CHAIRMAN'S STATEMENT (con't)

Closer to home, Impiana Cherating has obtained approximately 60% bookings of the 257 units for sale in Phase 1 of the Impiana Resort & Residences Cherating on-going development project. Revenues from these bookings can be recognised as soon as the strata unit parcelization registration is completed, which is expected to be obtained in the second quarter of 2019.

Impiana Hotel Ipoh has been undergoing a phased refurbishment exercise since 2018 and the resulting enhanced product should support further growth in revenues for IMSB.

Impiana KLCC Hotel and Spa ("Impiana KLCC") is owned by Heritage Lane Sdn Bhd which 20% is owned by Astaka Mekar, will also undergo a rooms-refurbishment exercise in 2019 and this is expected to have a positive effect on the operating performance of Impiana KLCC.

The Company's future is not without challenges as the hospitality industry is one where change occurs at a rapid pace. However, with the Impiana brand's quarter century of successful existence, I believe the Company has what it takes to strengthen the financial position of the Company by growing revenues and efficiently managing our costs whilst delivering continuous improvement and innovation in product and service delivery. I'm honoured to be part of this journey.

Presently, Impiana has not implemented a dividend policy. However, subject to the availability of distributable profits and the cash flow position of the Company, we are committed to enhancing shareholders' returns via the distribution of dividends. Nonetheless, it is the intention of the Board to deliberate and formulate a dividend policy for the Company. We shall make the necessary announcements to Bursa Securities in relation to our Company's dividend policy once such policy has been formalised.

To end, I offer my sincere gratitude to all our employees across the Company for their loyal and outstanding service, diligence and commitment. And to our shareholders, thank you for your continued support and I look forward to sharing the exciting journey ahead with all of you.

Dato' Seri Ismail @ Farouk bin Abdullah
Executive Chairman

1. FINANCIAL REVIEW

The Company had changed its financial year end from 30 June to 31 December during the current financial period ended 31 December 2018 ("FPE2018"). As such, no comparable figures are available for the current 18-month period as the preceding audited financial statements were prepared for the 12-month financial year ended 30 June 2017 ("FYE2017"). However, we have annualised the 18-month financial results for FPE2018 to illustrate the changes in performance between the current financial period under review and the FYE2017. It is important to note that the annualised figures are not actual figures recorded by the Company in the FPE2018 and are meant for illustration purpose only.

In addition to the above, the Company has restated its audited financial results for the FYE2017 as a result of the disposal of its loss-making bottled water manufacturing division via the disposal of Amshore Holdings Sdn Bhd ("Amshore"). The disposal was duly completed on 31 December 2018 and as such the below restated financial results excludes Amshore financial results due to the cessation of Amshore as a subsidiary of the Group.

Review of Statement of Comprehensive Income

The summary of the Statement of Comprehensive Income is as follows:

(RM '000)	FPE2018 (18 Months)	FPE2018 (Annualised)	FYE2017 (Restated)	Variance Annualised FPE2018 vs. FYE2017
Revenue	4,823	3,215	4,955	(35.1%)
Gross Profit ("GP")	4,189	2,793	3,894	(28.3%)
Gross Profit Margin ("GPM")	86.9%	86.9%	78.6%	
Administrative Expenses	4,129	2,753	1,546	78.1%
Other Cost	2,980	1,987	2,891	(31.3%)
(Loss)/Profit Before Tax ("LBT/ PBT")	(2,935)	(1,957)	400	(>100.0%)
(Loss) After Tax from Continued Operations[1] ("LAT")	(4,261)	(2,841)	(978)	(>100.0%)

Note: [1]Attributable to owner of the Company

The Company has reported a lower revenue of RM3.22 million for the Annualised FPE2018, representing a 35.1% decrease from FYE2017 revenue of RM4.96 million. The overall decline was mainly due to lower billings in technical consultancy fees for Impiana Cherating Sdn Bhd ("Impiana Cherating") and Impiana Ubud Resort ("Impiana Ubud") in Bali for Annualised FPE2018 as compared to FYE2017. The lower billings are due to the structure of progess billing according to project stage, wherein a significant portion of total billings for consultancy services are made prior to construction commencement.

However, there was a significant improvement in GPM which expanded by 8.3% to 86.9% for the Annualised FPE2018 compared to 78.6% in FYE2017. The marked increase in GPM was mainly attributable to lower technical fee costs incurred during the year for the provision of technical consultancy services.

The Company had incurred a LBT of RM1.96 million for the Annualised FPE2018 as compared to a PBT of RM0.40 million for FYE2017. The increased losses was mainly attributable to the RM1.22 million corporate exercise expenses incurred in relation to the acquisition of Impiana Group assets namely the entire equity interest of Impiana Hotels & Resort Management Sdn Bhd, Impiana Cherating Sdn Bhd ("Impiana Cherating"), Astaka Mekar Sdn Bhd, Impiana Pangkor Sdn Bhd ("Impiana Pangkor") as well as the remaining 25% equity interest in Intra Magnum Sdn Bhd ("IMSB"), which was duly completed on the 11 April 2019.

In addition, the Company had also incurred an amortisation of intangible assets charge amounting to RM1.50 million. Lastly the Company had incurred a one-off loss on deemed disposal of PPE of RM0.88 million arising from the derecognition of lands owned by IMSB which was surrendered and novated to Impiana Cherating during the FPE2018 ("Land Novation") for the purposes of redevelopment of Impiana Resort & Residences Cherating ("Cherating Redevelopment").

Correspondingly, the Company had also witnessed a widened LAT of RM2.84 million for the Annualised FPE2018 against RM0.98 million LAT recorded in FYE2017. The widening of LAT was mainly attributable to the RM0.94 million tax liability arising from the Land Novation in FPE2018.

During the FPE 2018, the revenue of the Company was derived from the following geographical locations:

(RM '000)	FPE 2018
Malaysia	4,495
Indonesia	328
Total	**4,823**

Review of Statement of Financial Position

The summary of the Statement of Financial Position is as follows:

(RM '000)	FPE 2018 (18 months)	FYE 2017	Variance FPE2018 vs. FYE2017
Property, Plant and Equipment	18	23,081	(99.9%)
Amount due from a related company	12,500	-	100.0%
Total Trade Receivables	4,324	5,429	(20.4%)
Total Assets	31,062	45,950	(32.4%)
Total Trade, Other Payables & Accurals	5,574	8,849	(37.0%)
Total Liabilities	8,073	10,918	(26.1%)
Shareholders' Equity	16,643	29,617	(43.8%)
NA per share (sen)[1]	2.09	4.50	(53.6%)

Note: [1] Based on weighted average number of shares

For FPE2018, the Company total asset base decreased by 32.4% to RM31.06 million from RM45.95 million recorded in FYE2017. The notable decline was primarily due to the reduction of PPE of the Company resulting from the disposal and cessation of Amshore as a subsidiary of the Company which attributed to RM9.45 million of total PPE in FYE2017. In addition, the Land Novation had resulted in the derecognition of lands owned by IMSB to Amount due from a related company amounting to RM12.50 million. On the receivables front, total trade receivables saw a decrease by 20.4% from RM5.43 million in FYE2017 to RM4.32 million in FPE2018 due to reduction of trade receivables of RM0.81 million resulting from the disposal of Amshore.

Total liabilities witnessed a notable decline of 26.1% from RM10.92 million recorded in FYE2017 to RM8.07 million in FPE2018. The overall decline was contributed by the decrease in other payables mainly pertaining to the repayment of loans from third parties amounting to RM1.40 million coupled with a reduction in current trade payables of RM1.06 million flowing from the disposal of Amshore.

Shareholders' Equity saw an overall decline of 43.8% from RM29.62 million in FYE2017 to RM16.64 million in FPE2018. The decline in Shareholders' Equity was primarily attributed to the increase in accumulated losses of the Company in FPE2018 which stood at RM25.66 million vis-à-vis RM12.68 million for FYE2017. The corresponding rise was due to the LAT from continued operations of RM4.26 million and RM8.71 million LAT from discontinued operations of the disposed subsidiary, Amshore.

Review of Statement of Cash Flows

The summary of the Statement of Cash Flows is as follows:

RM '000)	FPE 2018 (18 months)	FYE 2017	Variance FPE2018 vs. FYE2017
Net cash flow used in operating activities	(243)	(14,548)	98.3%
Net cash flow generated from/(used in) investing activities	430	(4,605)	>100.0%
Net cash flow generated from/(used in) financing activities	(2,139)	20,612	>(100.0%)
Net (decrease)/increase in cash and cash equivalents	(1,952)	1,459	>(100.0%)
Effect of the exchange rate changes	(7)	-	100.0%
Cash and cash equivalents at the beginning of the financial period	2,083	624	>100.0%
Cash and cash equivalents at the end of the financial period	124	2,083	(94.1%)

The Company experienced a net decrease in cash and cash equivalents during the FPE2018 of RM1.95 million as compared to a net increase in cash and cash equivalents during the FYE2017. This was mainly attributable to the net cash flow used in financing activities of RM2.14 million during the FPE2018 as compared to the net cash flow generated from financing activities in the FYE2017 of RM20.61 million. This was due to the absence of proceeds from share issuance in FPE2018, whereas RM17.37 million of share issuance proceeds was recorded in FYE2017. In addition, the Company had recorded a net repayment to third parties of RM1.34 million for the FPE2018 as compared to a net advances position of RM4.32 million during the FYE2017.

This was partially offset by the decrease in net cash flow used in operating activities from RM14.55 million in the FYE2017 to RM0.24 million for the FPE2018. The stronger net operating cashflow position was mainly attributable to the improvement in the cash flow from operations position from cash used in operations of RM14.57 million during the FYE2017 to cash generated from operations of RM0.32 million during the financial period under review.

2. BUSINESS OPERATIONS REVIEW

The Company's revenue for the FPE2018 was derived from the hospitality business and the bottled water manufacturing business via its subsidiaries IMSB and Amshore respectively. The revenue of IMSB was derived from the hotel management of Impiana Hotel Ipoh and technical consultancy services to Impiana Cherating, Impiana Tioman Sdn Bhd, Impiana Pangkor, Impiana Ubud (Labuan) Co. Ltd and Impiana Seminyak (Labuan) Co. Ltd while the revenue of Amshore was derived from the processing, manufacturing and distribution of bottled drinking water. Following the disposal of the entire equity interest in Amshore, which was completed on 31 December 2018, the revenue generated from the bottled water manufacturing business has been classified as revenue from discontinued operations.

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. Please refer to our Outlook and Future Prospects in the Chairman Statement.

3. BUSINESS RISKS OVERVIEW

The performances of the Company and its subsidiaries in the hospitality business are dependent on the following key risk areas:

a) Changes in Economic Environment and Natural Disasters
Spending on travel and tourism is discretionary and price sensitive, being affected by factors such as the supply and demand for modes of transportation and accommodation, the rate of growth of economic growth, interest rates, inflation and economic developments affect travel and tourism activities. In addition, the hospitality business is vulnerable to natural disasters such as earthquakes and major floods depending on the location of the Company's assets.

However, the Company manages the above risks by constantly monitoring movements in economy to pre-identify risks to ensure that action plans are devised at an earlier stage to mitigate risk.

b) Foreign Exchange Risk
The Company has business transactions in foreign currencies in the normal course of its business under its hotel management agreements which are predominantly denominated in currencies of the countries operated in. Any significant increase in operating country currency may have an adverse effect on its operations.

The foreign exchange risk is partly mitigated as the Company's operating cost incurred are also predominantly paid in the operating country currency. Nevertheless, the Company constantly monitors movements of the foreign currencies applicable to the business to ensure correct responses are implemented in response to currency rate movements.

c) Development Risks
The Company's new subsidiary, Impiana Cherating, presently owns eight (8) parcels of development lands. They are to be developed into the Impiana Resorts & Residences Cherating which will consists of service residences to be sold and leased back to be operated under the Impiana brand.

The development is subject to the inherent risks in the property development industry, such as completion risk, adverse changes to the demand for investment hospitality properties, purchaser defaults, risk of increasing labour and raw material costs as well as taxation, legal and environmental framework affecting the property development industry.

d) Risks of redevelopment, renovation works and, repair and maintenance of assets

The assets of the Company are required to be up-to-date and in good working condition to ensure smooth running operations. This means that the Company's assets may incur further costs as it may be subject to redevelopments, renovation works, and ad hoc maintenance and repairs. These costs usually increase over time.

Due to the inherent nature of these costs, the cashflow and profitability of the Company's business is highly dependent on the ability of the management in determining and managing these costs.

The Company has an experienced finance team with expertise in financial planning to forecast the future costs that may be incurred in maintaining the Company assets and provide for such costs in financial projections and budgets. This will enable the group to mitigate the risk from unplanned escalation of costs for future redevelopments, renovation works, and repair and maintenance of assets.

e) Competition Risk

Location, quality, attractive pricing and niche marketing are crucial factors towards remaining relevant and maintaining a competitive edge in the hospitality industry. The emergence of alternative tourism accommodation such as AirBnB has provided travellers with new alternatives for accommodation and raises the level of competition for traditional hotel operators like the Impiana group.

Nevertheless, the Company has been aggressively promoting its products and services through marketing partners such as wholesalers, travel agents, online travel agents and other collaborative partners. This will enable the Company to maintain its competitiveness both domestically and globally. Most importantly, the Company will endeavour to continue to provide a superior product offering which allows guests and customers to experience a different dimension, differentiating between the Impiana brand from mere accommodation.

f) Dependency on key personnel

The Company believes that its continual success will depend on the abilities, skills, experience, competency and continuous efforts of its existing directors and management team. The Company's hospitality business is positioned for continued strength under the stewardship of the Executive Chairman, Dato' Seri Farouk Abdullah, who has half a century of hotel experience under his belt, supported by other highly experienced management personnel of the Company.

Efforts are being made by the Company to develop younger talents of the management team to gradually assume greater responsibilities of the business and operations in preparation for long-term expansion. This also ensures succession planning for the Company's future business continuity.

g) Renewal of Licences

The Company is required to obtain certain licences such as, operating, health and safety and equipment licences for its hospitality business. These licenses are subjected to periodic renewal/ assessment by the relevant authorities and the terms and conditions for renewal may change from time to time.

While these factors are beyond the Company's control, the Company mitigates such risk by ensuring compliance with the relevant laws and regulations and conditions that are enforced and that the relevant licenses are obtained and renewed on a timely basis.

Hotels Berhad

(formerly known as Bio Osmo Berhad)
(740838-A)

Impiana KLCC Hotel
Kuala Lumpur, Malaysia

SUSTAINABILITY REPORT

SCOPE

This report encompasses the sustainable development of Impiana Hotels Berhad (formerly known as Bio Osmo Berhad) and its subsidiary companies.

REPORTING PERIOD

1 July 2017 to 31 December 2018

Our theme "Service Excellence" highlights our efforts to continuously progress towards a sustainable future. In 2018, Impiana Hotels Berhad ("the Company") decided to embark to formalize its sustainability reporting practice and incorporate a sustainability statement in the Annual Report. Our Sustainability Statement (SS) focuses on sustainability initiatives in which we focus and highlight more on the economic, environmental, and social ("EES") impacts of our activities and initiatives. We are reporting in accordance with the new Global Reporting Initiative ("GRI") Standards for sustainability reporting and mapping out our route forward to embed sustainability throughout our business operations. Also, throughout this statement, we demonstrate our initiatives in integrating sustainability practices and preparing this statement on pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements"), Sustainability Reporting Guide issued by the Exchange and guided with guidelines issued by the GRI.

As we set key financial targets and pursue new growth opportunities, we also recognise the importance of building sustainability and shared value creation into our corporate strategies. We have engaged an external consultant to assist on the sustainability reporting enhancement and to support comprehensive sustainability efforts across the Company moving forward. Seizing the opportunity to better serve our stakeholders, we decided to revitalise our Sustainability reporting process to address these changing stakeholders' needs.

This sustainability statement presents the review on the initiatives. It also evaluates our existing Corporate Social Responsibility ("CSR") initiatives and provides a roadmap for strengthening our sustainability management activities, processes and reporting in the future.

Our Roadmap to Sustainability

Moving forward, our sustainability strategy will be led by the Board of Directors ("Board") of the Company, and it will be implemented and monitored within the framework.

Our success as an organisation relies on the strong and continuing support of our customers, suppliers, business partners, governments and other stakeholders. We believe that being a corporate citizen by contributing to the vitality of our marketplace are the best ways to command our stakeholders' respect and confidence. Business ethics, corporate governance and stakeholder engagement are therefore of key material importance for our Company as a whole.

We worked closely with selected internal and selected external stakeholders to determine sustainability risks and opportunities with particular focus given to economic, environmental, and social risk factors. We understand that each stakeholder has different requirements and concerns. Therefore, we engaged our stakeholders in various ways to further understand their concerns, interests, and obstacles.

SUSTAINABILITY REPORT (con't)

REPORTING STANDARDS AND GUIDELINES

We have based our reporting approach on the framework and guidance provided by GRI. The report was developed with reference to Bursa Securities Sustainability Reporting Guide. This report has been prepared in accordance with the "core" option of the GRI Standards. This includes adhering to the GRI Principles for defining report content:

- Stakeholder Inclusiveness - being responsive to stakeholder expectations and interest.
- Sustainability Context – presenting performance in the wider sustainability context.
- Materiality – focusing on issues where we can have the greatest impact and that are most important to our business stakeholders.
- Completeness – including all information that is of significant economic, environmental and social impact to enable stakeholders to assess the Company's performance.

REPORTING SCOPE AND BOUNDARIES

The Company's Sustainability Report ("SR") 2018 was prepared in accordance with the GRI Standards. This SR covers the reporting period from 1 July 2017 to 31 December 2018. Our focus for this year is relating to reviewing our material sustainability topics that covers economic, environmental and social. The content of this report is based on the material topics that we have identified. Our scope and boundaries cover all our entities and operations in Malaysia. The Company is being advised by an external consultant, Smart Focus Consulting Sdn Bhd to assist on the sustainability reporting enhancement and to support comprehensive sustainability efforts across the Company. Our corporate sustainability strategy is overseen by the Board. The Board is accountable for overall management of our sustainability strategy. Through an on-going process of identification and evaluation, the Board establishes the direction of our sustainability strategy.

ABOUT IMPIANA HOTELS BERHAD

Vision

We aspire to be acknowledged regionally and accepted globally as one of the most efficiently managed hospitality groups wherein our staffs at both managerial and service levels consistently strives to deliver the highest of service standards at all times and under all circumstances.

Mission

We are unswervingly committed in providing and delivering outstanding services and experiences to new and returning guests by exceeding their expectations of what we can offer, by recognizing and acknowledging our employees' contributions and involvement, by ensuring fair and reasonable returns to our shareholders, and by being responsible, conscientious, trustworthy, and dependable corporate citizens.

Our Business Model

Our Company's business model focuses on hotel operations as well as consultancy services (Hotel Management and Technical service consultancy) where the revenues are recognised from the following:

1) Management and operations of Impiana Hotel Ipoh Sdn Bhd ("Impiana Hotel Ipoh")
2) Technical service consultancy provided to Impiana Cherating, Impiana Tioman Sdn Bhd ("Impiana Tioman"), Impiana Pangkor Sdn Bhd ("Impiana Pangkor"), Impiana Ubud Resort ("Impiana Ubud") and Impiana Seminyak (Labuan) Co. Ltd.

Our Company's market focus strategy is to excel in hotel management segments that will provide us with a sustainable business that maximises our profits.

Our Core Values

The Company's Codes of Ethics & Conduct for Directors and employees govern the standards of conduct and behaviour expected. The Board commits itself and its Directors towards ethical, business like and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

WHO WE ARE

The Company was incorporated in Malaysia under the Companies Act on 13 July 2006 as a private limited company under the name of Bio Osmo Sdn Bhd. The Company was subsequently converted into a public limited company on 24 January 2007. Our Company was incorporated as an investment holding company whereby our wholly-owned subsidiary, Amshore Holdings Sdn Bhd was involved in the processing, manufacturing, and selling of drinking water. Currently we are known as Impiana Hotels Berhad.

In late 2016, the Company completed the subscriptions of a 75% equity stake of Intra Magnum Sdn. Bhd. ("IMSB") from Impiana Sdn. Bhd ("ISB"). ISB is one of the largest home-grown hotel groups, which owns and operates a number of hotels and resorts in Malaysia as well as key tourist destinations in the South-East Asia region under the Impiana brand name. The foray into IMSB has enabled the Company to diversify into the hospitality business, in addition to our on-going bottled drinking water manufacturing operations.

In December 2018 the water business was disposed, and the Company fully embarked into the Hotel management business. Recently, the Company's subsidiary, IMSB has novated 2 parcels of lands ("novated lands") to a newly acquired subsidiary, Impiana Cherating Sdn Bhd ("Impiana Cherating"). Impiana Cherating currently owns a total of 8 seafront commercial lands inclusive of the novated lands which are all located at the site of a hotel resort formerly known as Impiana Resort Cherating. IMSB and Impiana Cherating will jointly redevelop the resort into a new beach resort containing service suites and villas. With a combined gross development value estimated at RM413.08 million, this resort will be named as Impiana Resort & Residences Cherating.

Besides this Cherating development project, IMSB has also been granted hotel management contracts for Impiana Hotel Ipoh, Impiana Resort & Residences Cherating and Impiana Tioman; as well as technical services consultancy for the development of Impiana-branded hotels located in Cherating, Tioman and Pangkor in Malaysia, Seminyak and Ubud, Bali in Indonesia.

The Company's takes pride in its effort to nurture a vertically integrated range of in-house expertise and capabilities including all critical positions. This structure enables the Company to effectively control the construction process, thus ensuring cost control and efficient use of resources.

WHAT WE DO

The core business of the Company is as illustrated below :

The Company's stream of revenue for FPE2018 is majorly derived from the hospitality business via its subsidiary, IMSB. The revenue was recognised from the hotel management of Impiana Hotel Ipoh and technical service consultancy to Impiana Cherating , Impiana Tioman , Impiana Pangkor, Impiana Ubud and Impiana Seminyak (Labuan) Co. Ltd.

In addition to the abovementioned operations, the Company has also increased the scale of its operations through four (4) new subsidiaries which have been successfully acquired on 11 April 2019. The details of the new subsidiaries are as follows:

(i) Impiana Hotels & Resorts Management Sdn Bhd ("Impiana Management")

Currently Impiana Management is the "hotel manager" of Impiana KLCC Hotel & Spa ("Impiana KLCC") and Impiana Senai in Malaysia, Impiana Resort Patong and Impiana Private Villas Kata Noi in Phuket, Impiana Resort Chaweng Noi in Koh Samui, Thailand and Impiana Private Villas Cemagi, Impiana Private Villas Seminyak and Impiana Ubud in Bali, Indonesia as well as Impiana Hotel Seoul in South Korea. This subsidiary is anticipated to enlarge the existing hotel management operations of the Company.

(ii) Impiana Pangkor

Impiana Pangkor holds 2 parcels of land situated along the western coast line of Pangkor Island. The total land area of parcel of lands is approximately 28.98 acres and was recently valued at RM35.30 million by a professional valuer. It is the Company's intention to develop these lands into Impiana Pangkor Hotels & Resorts in the future.

(iii) Astaka Mekar Sdn Bhd ("Astaka Mekar")

Astaka Mekar is an investment holding company which owns 20% equity interest in Heritage Lane Sdn Bhd, the asset owner of Impiana KLCC which is situated within the Kuala Lumpur city centre and is strategically positioned within the vicinity of the Petronas Twin Towers.

(iv) Impiana Cherating

Impiana Cherating currently holds 8 parcels of lands situated in Cherating, Pahang along the eastern coastline of Peninsular Malaysia with an aggregate land area of 30.34 acres. The said lands are in the midst of being redeveloped into the Impiana Resort & Residences Cherating which is expected to comprise of more than 450 units of serviced residences and villas together with other world-class resort facilities upon completion. The Company shall adopt a sale and leaseback model for all the serviced residences, which will allow the Company to generate revenue from both the sale of the units as well as the management and operations of the units upon completion.

Location of Headquarters
21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur

Location of Registered Office
21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur

SUSTAINABILITY REPORT (con't)

Review of operations

Please refer to "Executive Chairman's Statement" and "Management Discussion & Analysis" of the Annual Report for further details.

Key Highlights For 2018

Market	**Market Capitalization as at 31 December 2018:**	**RM27.84 million**
Business	Revenue	4.82 million[1]
	(Loss) before tax	(2.95 million)[1]
	(Loss) after tax (PAT)	(4.26 million)[1]
	Basic (Loss) Per Share	(0.53 sen)[1]
	Net Tangible Assets per share	1.38 sen[1]

Note: [1]Excluding discontinued operations.

OUR APPROACH IN DRIVING SUSTAINBILITY

Our approach to sustainability is based on our core values of excellence, integrity, humility and building relationship, supported by policies and procedures. We consistently embed sustainability into the core of our business. The following value-added sustainability framework forms the basis of the Company's steps to strengthen our approach to sustainability.

SUSTAINABILITY STRATEGY

1. As a Public Listed Company

- As a public listed company we are pre-emptive of the sustainability matters focusing on economic value creation for the shareholder and stakeholder
- We plan to elevate sustainability in company governance, through engaging in direct Board oversight and accountability over environmental and social issues, more diversity and special expertise on Board and linking executive and other employee compensation to sustainability goals;
- We plan to have regular dialogues with key company stakeholders on sustainability challenges, including employees, investors, suppliers and consumers;
- We are in the process of open reporting on sustainability strategies, goals and accomplishments;
- We are in the process of developing systematic performance improvements to achieve environmental neutrality and other sustainability goals across the entire value chain, including operations, supply chains and products.

2. As a management Company

- We plan to provide quality and reliable service to all of our clients as they are part of our valued stakeholders.

GOVERNANCE OF SUSTAINABILITY

Being a Public Listed Company, the Company complies with the high standards of corporate governance ("CG") practices and being closely monitored under the leadership of our Board, as guided by the Malaysian Code on Corporate Governance 2017.

In line with sustainability, The Board has the ultimate responsibility to ensure that sustainability efforts are embedded in the strategic direction of the company. We will establish a Sustainability Steering Committee ("SSC"), to oversee the formulation, implementation and effective management of our sustainability matters in line with the strategies. The SSC is also supported by various working groups responsible for implementing initiatives within the organization. The Management will provide the Board with regular updates relating to all key EES risks and opportunities (sustainability matters).

The governance of our sustainability agenda is a process that is important to the Company as it enables the business to effectively embed sustainability. Good governance structures also ensure that we are consistently aligned to our principles and standards. Demonstrating its commitment from the top, the Company's sustainability agenda is governed by the Board which shall be supported by the SSC in the future.

ORGANISATION STRUCTURE FOR SUSTAINBAILITY

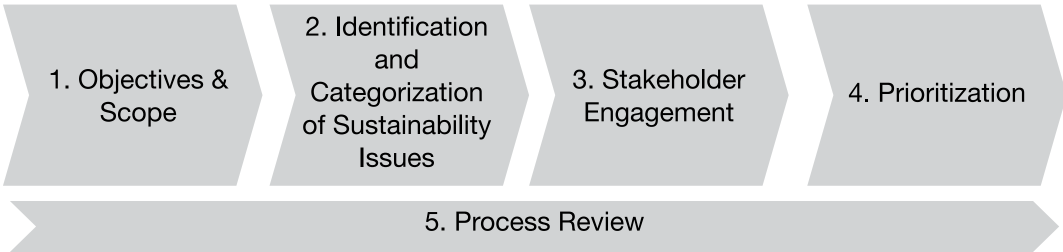
Moving forward, the Company's sustainability strategy will be led by the Board, and will be implemented and monitored within the following governance structure:

Board of Directors
↓
Sustainability Steering Committee
↓
Sustainability Sub-Working Groups

Sustainability Structure	Roles And Responsibilities
Board of Directors	The Board oversees the Company's overall sustainability related performance
Sustainability Steering Committee	Sustainability Steering Committee will be chaired by an Executive Director to formulate sustainability policies and drive the sustainability efforts and initiatives while ensuring consistency with the Company's Sustainability Strategy and Business Strategy
Sustainability Sub-Working Groups	Sustainability Sub-Working Groups are the sub-working groups of Sustainability Steering Committee established to carry out the following:- • Set sustainability priorities and goals • Develop and implement sustainability programmes • Advise on sustainability opportunities and innovations • Track, monitor and analyse sustainability metrics and measures • Address and manage challenges and constraints to the sustainability initiatives • Work on Quality, Health, Safety, and Environmental issues of the Company

STRATEGIES AND DIRECTIONS

Despite the challenging operating environment, the Company continues to practice prudence and stay focused on delivering quality growth, while being watchful of emerging risks. The Company is fully committed to uphold responsible financing which is reflected through its prudent infrastructure transformation as well as sustainability in its supply chain.



1. Objectives & Scope

The Company undertook a materiality study within the top management and middle management to determine the objectives and scope of the sustainability reporting. Our scope and boundaries covers all our entities and operations in Malaysia.

2. Identification of Relevant Sustainability Matters

In identifying the list of sustainability issues relevant to the Company and its stakeholders, the Company assesses the operating environment and emerging trends affecting our sector and conducted study across a broad range of references to identify the relevant sustainability issues. The references include Bursa Securities's Sustainability Reporting Guide and Toolkits, and international standards such as the GRI Standards.

Moving forward to 2019, we plan to undertake more drastic review of material factors and sustainability matters in order to ensure that our understanding of both the current and future risks and opportunities facing our markets is adequately addressed, as well as to gather stakeholder perspectives and ensure we are responding to their needs. As we update our material factors, we will continue to evolve our management approach to ensure that we are addressing them in a holistic and integrated manner. This may involve developing new policies and procedures, implementing various initiatives, measures and action plans, setting indicators as well as to establish a proper mechanism to capture, analyse and report sustainability data and information.

OUR MATERIAL FACTORS

As we monitor, manage and report on a wide variety of issues, the key to our approach is focusing our resources on material sustainability risks and opportunities that are associated with each material factor. Understanding our key priorities allows us to set our time, resources and investment to the best use.

In determining sustainability priority, we combine the views from the management and the stakeholders from the preliminary materiality process; with the purpose of identifying and addressing key sustainability issues which reflect significant economic, environmental, and social impact on our business.

The materiality process involved several steps including:

- Identification of potential material topics by reviewing GRI aspects, benchmarking against key corporate peers and analyzing past reports which reflects the feedback from customers, community representatives and employees generally.

- Identification of aspects and topics most important to external stakeholders, customers and their supply chain vendors, based upon requests, surveys and ongoing engagement during the reporting period.

The materiality factors are based on the priority of the organisation.

Material Factors	Description	What Are The Risk	What Are The Opportunities
Competition	The Company is exposed to competition within the industry	Lesser chance to secure contracts will impact the Company's business and performance. - Lower occupancy - Lower room rate	• Innovative products and eco-friendly system could be offered to the clients so as to improve on our core value • Regional partnerships and collaborations
Market Stability	A well-facilitated business, supported together with an effective and balanced regulatory framework that provides adequate levels of client's protection while facilitating business efficiency and innovation, is imperative for the continued growth and development of our business.	Any event – such as breaches in regulation, lack of effective corporate governance (CG) practices – that undermines integrity or stability will influence stakeholder confidence, and possibly participation, in the market	• Having a robust approach to ensure the integrity and stability of the market serves to engender trust and confidence, which in turn encourages participation and growth • Fostering a strong CG and sustainability culture will also drive long-term value, both in the market and within Bursa Securities

SUSTAINABILITY REPORT (con't)

		Factors	Why Material	Managing Materiality
MATERIALITY	Very Important	Optimisation/ Resources	To help the company become efficient and effective.	Taking the necessary measures that all our staffs and resources are being optimised.
		Market Condition	Market condition affects all businesses in every industry.	Our business segment very much depends on the market condition where we conduct market study prior to engaging in any projects.
		Compliance	Compliance with laws and regulations is one of our main requirements.	We provide adequate training and resources to ensure we meet compliance obligations.
		Safety	Impact on safety of workforce to avoid workplace injuries and manage the product safety.	We support the on-going training of operational teams to ensure understanding in recognising and improving as well as maintaining safe working conditions.
		Quality	It is part of our core business value to satisfy all of our customers.	By obtaining prompt stakeholder feedback to gauge our quality.
		Customer Satisfaction	It is important for us to benchmark ourselves and to collaborate closely with customers to achieve mutual success.	We are in the process to enhance the customer satisfaction surveys to obtain customer's feedbacks.
		Reputation	To get a more realistic picture of how the business is actually being perceived by others.	We take initiatives to enhance our reputation by providing balance reporting.
		Procurement	It ensures the stable, sustainable procurement and supply of resources.	We always on a lookout for best quality and economical pricing in-order to be competitive.
		Corporate Governance	To ensure that the company protects the members, officers and management.	Governance is conducted according to various regulations and sub committees. The board oversees the governance based on quarterly review of management reporting.
		Customer Privacy	It is important to build customer trust and loyalty.	We take necessary measures to protect the customer's privacy by having our staff trained on this matter.
		Business Model	Business model plays a vital role in challenging market condition of the market and business.	We engaged high level review on the business model with the management.
		Networking Stakeholder	It is important to have new opportunities and positive influence.	Our nature of business requires networking with all parties in order to reconcile the business needs.

		Factors	Why Material	Managing Materiality
MATERIALITY	Very Important	Business Ethics/Code	Maintaining business ethics is our core values.	We proactively promote and positively reinforce good behaviours to the employees.
		Anti-Corruption	This reduces risks of economic imbalance and compliance with laws, international charters and conventions.	On-going monitoring, briefing and review of compliance throughout the Company are carried out to make sure that the company's policies and procedures as well as system of internal controls are being properly implemented.
		Social Media	The use of social media boosts visibility among potential customers and improves awareness about our brand.	We engage social media to promote our service and product.
	Important	Local Environment Impact	It safeguards the environment impact.	We monitor and review the environmental compliance strategy and performance.
		Business Mix	Diversification is part of our business model to stay sustainable.	We are always on a lookout for potential business synergy which creates a better value to our core business.

3. Our Stakeholders Engagement

Our interaction involves a large number of different stakeholder groups and this kind of engagement is important to ensure we can identify, prioritize and address material matters and be adopted into our business strategies. As the Company's businesses and markets evolve, we find ourselves engaging with a growing number of diverse stakeholder groups such as our customers, employees, suppliers, shareholders and regulators. The Company believes fostering relationships with our key internal and external stakeholders strengthen the financial position of our Company.

We also recognise the importance of our key stakeholders' views in all areas that we operate in order to keep us on track towards our sustainability goals. Therefore, the company has undertaken various approaches and communication and engagement strategies to engage with our key stakeholders to solicit their views. The business and functional units are empowered to interact with their respective stakeholders on their chosen platforms. All issues raised by stakeholders are brought to the attention of the Management or management meetings by the respective business and functional units. On-going engagements where applicable are carried out on a regular basis as they are integral to our business development, relationships with stakeholders and commitment to sustainability.

SUSTAINABILITY REPORT (con't)

Sustainability Strategy

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives
Customers	1. Roadshows 2. Website, email and Social media i.e facebook, Instagram, twitter updates etc 3. Birthday and festive greetings 4. Customer service and hotline centers	1. Valuable data for business decisions 2. Improve products and services 3. Create the best customer experience 4. Improve customer retention
Employees	1. Recruitment, training and development programmes 2. Study trip 3. Long service award 4. Performance reviews (KPI) and appraisal 5. In-house newsletters 6. Consultation and monitoring (survey) 7. Employee privilege card 8. CSR Event 9. Staff activities	1. Career progression 2. Employee development needs 3. Employee retention and loyalty
Suppliers/ Contractors/ Consultants	1. Common code of ethics and conduct 2. Regular meetings and dialogues 3. Request for Proposal 4. Letter of appointment/Letter of award 5. Supplier evaluations and selection 6. Periodic review of purchasers and suppliers 7. Transparent tender process facilitated by our procurement team 8. Timely payment	1. Sound payment practices 2. Evaluations of performance 3. Improve products and services 4. Cost saving
Regulators	1. Regular meetings 2. Knowledge sharing 3. Regular dialogue 4. Participation in Government and Regulator events 5. Regulatory and technical association	1. Compliance of all regulatory requirements and reporting 2. Public disclosures
Community	1. Community outreach and strategic partnership 2. Contribution of goods and financial support 3. Contributions to non-governmental organisations 4. Mindful of the livelihood of the surrounding community throughout the construction phase	1. Developing awareness and understanding of the community we live in 2. Community programmes/charity activities (donations in cash, kind, or special events) for needy groups
Media& Investors/ Bankers	1. Media coverage 2. Conferences 3. Interviews 4. Online and offline media campaigns 5. Immediate notification of financial releases and material developments	1. Regular updates and engagement sessions 2. Announcement of new launches and project updates 3. Addressing special issues 4. Keeping good rapport with media publications houses
Non-governmental Organizations	1. Face-to-Face meetings 2. Joint-events	1. Biodiversity and other environmental concerns

Stake Holder Group	Engagement Approach	Engagement Focus & Objectives
Shareholders & The Investment Community	1. Financial Results announcements 2. Investor Relations conference and road shows 3. Corporate website 4. Annual General Meeting 5. Financial results and annual report 6. Prudence risk management	1. Proactively engage with the investment community through multiple channels such as: • Statutory Announcements • Annual General Meetings • Corporate Events • Website 2. Sustainable and responsible Investing 3. Financial literacy and investor education

TOP 5 STAKEHOLDERS' POSSIBLE CONCERNS

As highlighted in the table above, and while most of the concern areas overlap with our material issues discussed earlier, their order of priority for stakeholders, at this time, is different.

A. Financial Performance not in line with the market condition.
B. Capital Injection for refurbishment of the hotels.
C. Work-life balance and working environment.
D. Sufficiency of cash flows.
E. Quality of service vs value for money.

4. Prioritization of Material Sustainability Matters

The Company has undertaken a stakeholder prioritisation and engagement process to engage with its stakeholders. These includes on-going efforts to engage with stakeholders in the usual course of business through the day-to-day operations, as well as specific engagements carried out to seek stakeholders' feedback. The outcome of these engagements was considered in the course of the Company's materiality assessment.

As part of the process in conducting the materiality assessment of sustainability matters, the Company has conducted the specific engagement process as follows:

- To determine the key stakeholders with whom the Company should engage, the Company carried out assessments to identify key stakeholders based on each stakeholder's influence and dependence.
- To gain insights into these key stakeholders' concerns, interests and expectations, the Company conducted discussions including on-going sessions throughout the year to gauge stakeholders' concerns pertaining to the list of sustainability matters identified.

5. Process Review

The materiality process is undertaken as a key component of the Company's journey towards identifying the material sustainability matters. The SSC will review and approve the processes and outcome of the materiality process including the Company's materiality which guides the Company in addressing and managing its material sustainability matters in its business operations.

The following section aims to provide insights on the Company's sustainability commitments and practices across the three key areas of economic, environmental and social undertaken by our key business divisions.

ECONOMIC

Economic scenario remains as our core glitches based on the market condition affected by global influence. The company has taken a great level of measures to identify the critical risk which influence the strategy of the company. By taking necessary steps, with the senior management and Board input, we foresee mitigating the risk elements.

FINANCIAL SUSTAINABILITY

Our commitment to business excellence is focused on strong corporate governance and prudent financial management in view of challenging market environment. We strives to achieve the following financial goals:

- Maintain healthy turnover and positive operating cash flow
- Improve operation efficiency
- Diversify income generating sources

WHISTLE-BLOWING POLICY

The Company has adopted a whistle-blowing policy that will allow employees and any external stakeholders to report cases in relation to any breach of any legal obligations by the Company.

CODE OF ETHICS & CONDUCT

The Board has put in place a code of conduct for the Directors and employees. The Directors will be governed by a Code of Ethics & Conduct which sets out the standards of conduct expected from Directors to advocate good corporate behaviour in a professional, honest and ethical manner. Through the Code of Ethics & Conduct, the Board sets the tone for proper ethical behavior expected of a Board member and the employees.

CORPORATE GOVERNANCE AND REGULATORY COMPLIANCE

The Company strives to comply with the best practices of good governance, guided by the Malaysian Code on Corporate Governance, throughout its operations. The Company has established standard operating policies and procedures, discretionary authority levels, and guidelines for recruitment and human capital development. These policies, procedures and guidelines are subject to regular reviews, and have been communicated to all staff levels.
The Company has put in place the following policies:

1. Board Charter
2. Code of Ethics & Conduct for Directors
3. Corporate Disclosure Policies and Procedures
4. Whistle-Blowing Policy
5. Audit Committee terms of reference
6. Nomination Committee terms of reference
7. Remuneration Committee terms of reference

Details of our corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement in pages 35 to 47 of the Annual Report.

RISK MANAGEMENT

As an integral part of good corporate governance, a comprehensive risk management framework enables the Company to identify and manage risks in a systematic and consistent manner. In driving risk awareness, decision-making and business processes are put through prudent risk assessment. Fraud, corruption and economic value-added risks have been identified as material to ensure business sustainability.

OUR SUPPLY CHAIN

Supply Chain management is an integral part of all businesses and key to optimum performance. Accordingly, the Company places great emphasis on its suppliers' economic, environmental, and social credentials in the lifecycle of supply chain when making responsible sourcing decisions.

COMMITMENT TO QUALITY

The Company has the policies, procedures and best practices in place to deliver products and services of outstanding quality. Furthermore, regular reviews, process improvements and quality control assessments are adopted to ensure that our processes remain in compliance and are continually enhanced.

CUSTOMER SATISFACTION

Customer satisfaction and engagement are identified as one of the most important material issues in the marketplace dimension across all our divisions. Knowing exactly what customers expect from us improves our bottom line and strengthens our brands and reputation in the long term.

BUSINESS CONDUCT

We strives to be environmentally responsible and encourage all our stakeholders to do the same. Consequently, they need to use sustainable materials whenever they are cost-effective.

SAFETY AND HEALTH

It is one of our key priorities to maintain a safe and healthy work environment for our workforce. Our Safety and Health Policy goes beyond the requirements of the Occupational Safety and Health Act 1994 to ensure that our talent work under safe conditions.

ENVIRONMENTAL

Towards a Greater Planet

As a responsible corporate citizen, the Company continues and regularly reviews its effort to promote a cleaner, greener and healthier environment.

We are mindful of the environmental impact of our activities and maintain full compliance with all the environmental regulations. We take responsibility to manage our environmental impacts. The Company will continue to develop effective environment initiatives to protect the environment.

These efforts include:

WATER MANAGEMENT & CONSUMPTION

We promote the water saving practices among employees and adopt water efficient technologies and equipment wherever possible. We have taken small steps to control the water usage to be in line with the sustainability efforts, which includes:

- Seeking out any water leakages
- Conducting checks and fixing leaks immediately, where possible

The data presented below is representative of the water consumption statistics. We have minimized the usage in 2018, compared to the previous years.

Environment	2016	2017	2018
Total Water Consumption - Offices	RM6,549	RM3,455	RM576
Total Water Consumption - Factory	RM59,929	RM52,070	RM51,856

RISK MANAGEMENT

We understand that energy management is essential for combating climate change and for lowering an organisation's overall environmental footprint. We aim to minimize the energy usage in our head office by implementing the following efforts:

- A lighting schedule across key areas in our head office to switch off lights during certain hours of least use.
- Maintenance and replacement of electrical equipment and light fittings to maximize energy efficiency
- Campaign to remind all staff to switch off the lighting, water dispenser, air conditioning, and
- Other electrical appliances in office and pantry when they are not in use.

The table below shows the total electricity consumption in the Company's offices and factory:

Environment	2016	2017	2018
Total Electricity Consumption - Offices	RM5,750	RM506	NA
Total Electricity Consumption - Factory	RM685,460	RM537,505	RM582,176

WASTE MANAGEMENT

The Company acknowledges that the environmental impact of paper usage is significant. The Company's approach to waste management is to avoid unnecessary paper consumption and waste generation, where possible and appropriate, in order to reduce wastages. The Company is always mindful of reducing usage of paper to further reduce waste. Generally the Company practises the following on the paper management initiatives:

- Reducing paper – to avoid any printing and photocopying, if possible, and encourage paperless and electronic modes of usage. In addition, if printing or photocopying is necessary, to practise double sided printing or reduce the paper size for economic reasons.
- Re-using one-sided printed papers – by printing on the other side of the printed papers.
- Recycling papers – by having proper recycling bins.

SOCIAL

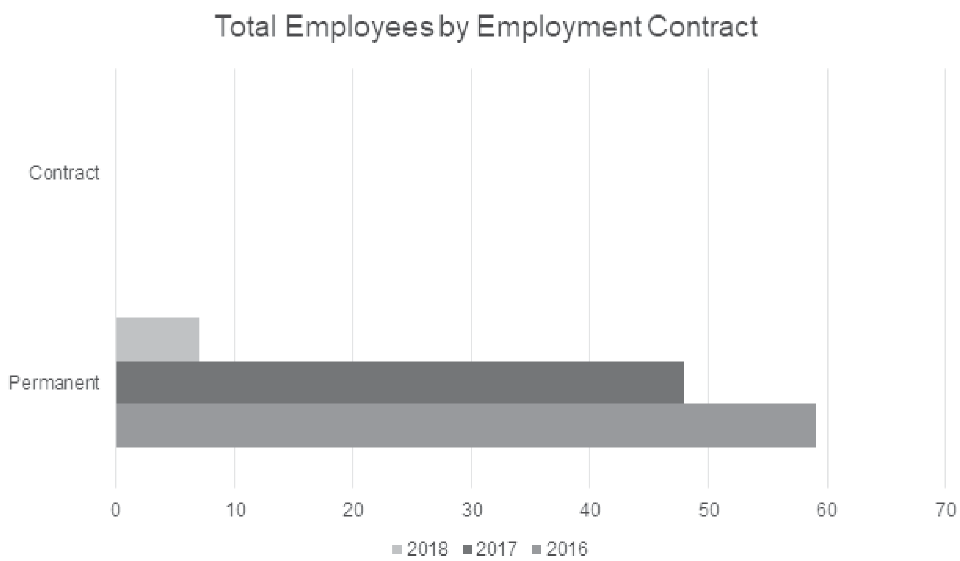
Human Capital Development

Employees are a vital component of the Company's business. Their performance, commitment and loyalty to the job are critical not only in achieving the Company's goals and objectives but most importantly for its long-term survival and sustainability. In this respect, the Company continues to build and upgrade its employees with the following efforts to ensure that they can realise their full potential:

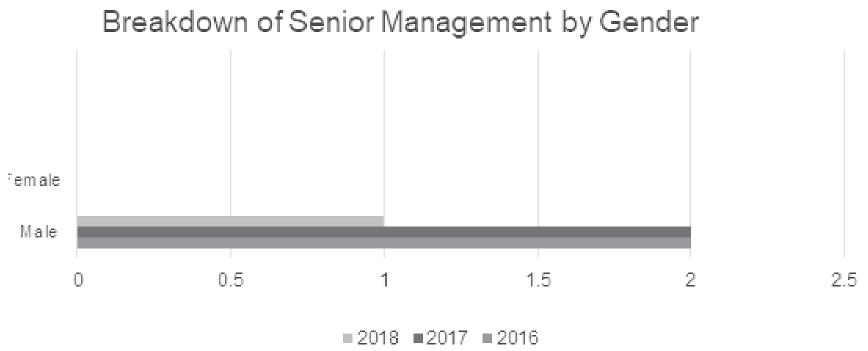
- Participation in external training programmes or workshops that are tailored to different divisions and individual, comprising technical and non-technical topics to broaden the knowledge base and exposure of its employees and to keep abreast on new developments in their respective field of expertise and improve the soft skills of the employees

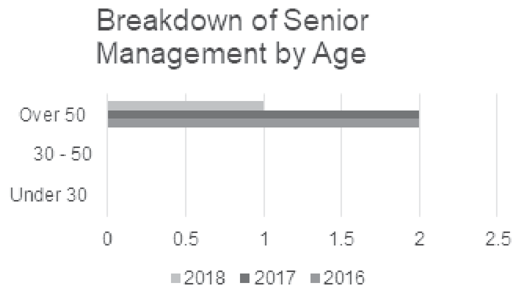
- New employees will participate in new employees' orientation as well as on-site visit to get clear insights into the Company's operations and its wide range of products.

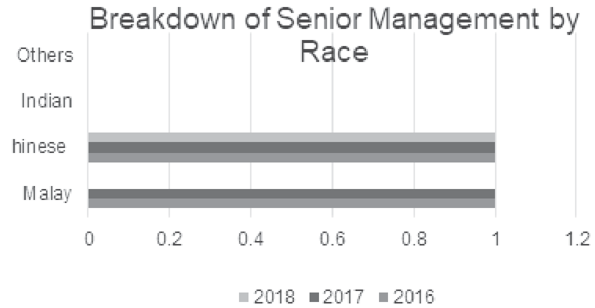
Our Employee Segment

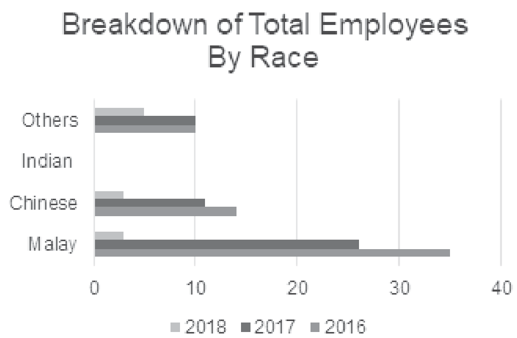


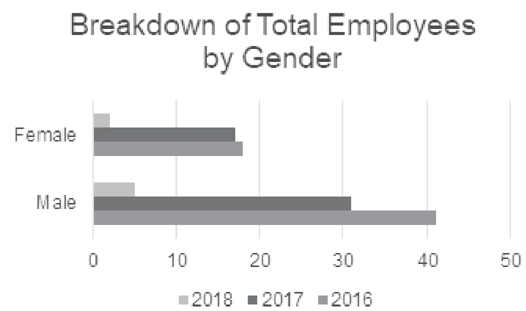
SUSTAINABILITY REPORT (con't)

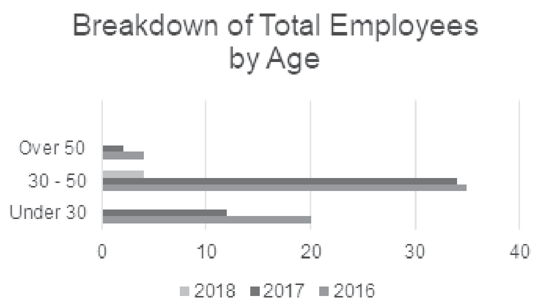


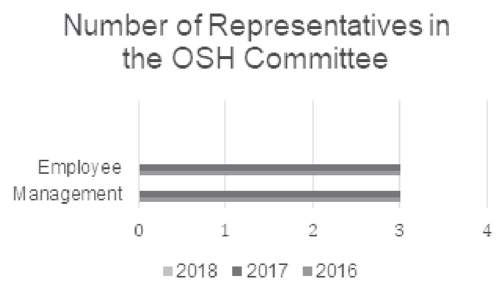


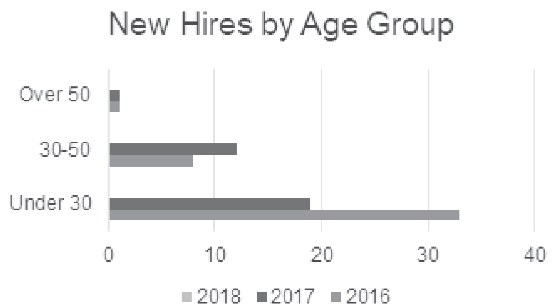












MOVING FORWARD

This is our first comprehensive Sustainability Statement, although we have made some development towards formalizing sustainability within our business, we recognize that we still have room for enhancement, both in terms of initiatives undertaken and our reporting structure. As we continue on our sustainability journey, our ultimate goal is to build a sustainable business for generations to come. To achieve this, we will continually keep abreast of developments in our industry, actively and regularly engage our stakeholders, build upon our existing sustainability framework, and seek to further embed sustainable practices within our businesses so as to improve our overall sustainability performance. We are proud of our work with clients to promote sustainable economic growth in our markets. Since 2018, our Sustainability Aspirations have provided a valuable framework for demonstrating our sustainability performance, and in 2019 targeted to achieve several business-focused aspirations early.

Moving forward, we will enhance the materiality factors & metrics, Stakeholder Target & Indicators, Stakeholder Respondent and Integrating Sustainability to measure issues that are material to our business and move towards benchmarking our progress against international standards of reporting.

As we look to the future, it is our hope that we will continue to introduce new and exciting quality for our customers, enrich our local communities, create value for our stakeholders, and be an organization that people will be proud to associate.

This Statement has been approved by the Board and is current as at 23 April 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Impiana Hotels Berhad (formerly known as Bio Osmo Berhad) ("the Company") recognises the importance of adopting high corporate governance standards in its efforts to enhance shareholder value, besides safeguarding stakeholders' interest. In its application of pertinent governance practices, the Board has taken into consideration the enumerations of the Malaysian Code on Corporate Governance 2017 ("MCCG2017") and the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

As an extension of the Corporate Governance Report available on the Company's website, the Board is pleased to present the following Corporate Governance Overview Statement to present the application of MCCG2017 for the financial period ended 31 December 2018 ("FPE2018"). The Company's compliance with MCCG2017 is guided by the following main principles:-

a) Principle A: Board Leadership and effectiveness;
b) Principle B: Effective audit and risk management; and
c) Principle C: Integrity in corporate reporting and meaningful relationships with stakeholders.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

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

The specific duties of the Board and a formal schedule of matters reserved for the Board and those delegated to Management are spelt out in the Board Charter. It is the practice of the Board to deliberate on significant matters that concern the overall Company's business strategy, acquisition or divestment, major capital expenditure and significant financial matters as well as review of the financial and operating performance of the Company.

In line with the practice of good corporate governance, the Board has established and implemented various processes to assist its members in carrying out their roles and responsibilities. The Board assumes the following roles and responsibilities in the discharging its obligations:

a) Ensuring that the Company goals are clearly established and that strategies are in place for achieving them;
b) Establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;
c) Monitoring the performance of Management;
d) Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
e) Ensuring that the Company's financial statements are true and fair and conform with law;
f) Ensuring that the Company adheres to high standards of ethics and corporate behaviour; and
g) Ensuring that the Company has appropriate risk management/regulatory compliances policies in place.

To enhance its effectiveness, the Board has established three (3) Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference, as approved by the Board, and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board. The Board reviews the Committees' authority and terms of reference from time to time to ensure its relevance and enhance its efficacy.

Board Composition and Balance

The Board currently has eight (8) members, comprising one (1) Non-Independent Executive Chairman, two (2) Non-Independent Executive Directors, three (3) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The profile of each of the Directors is set out in the "Profile of Board of Directors & Key Management Staff" of this Annual Report.

The Board of Directors comprises professionals and competent individuals of caliber with diverse backgrounds, expertise and experience suitable for managing the Company's businesses.

The Chairman and Managing Director

The Board has appointed Dato' Seri Ismail @ Farouk bin Abdullah as Chairman on the Board on 18 April 2019. He is responsible for ensuring the integrity and effectiveness of the governance processes of the Board. In addition, as Chairman of the Board, he oversees and facilitates effective functioning of the Board, oversees and facilitates Board, Committee and Board members evaluation reviews and succession planning alongside the Chairman of the Nominating Committee.

The distinct and separate roles of the Chairman and the Managing Director are clearly stated in the Board Charter. In addition, the Company's Board Charter clearly states that the position of the Chairman and the Managing Director are to be held by two (2) different individuals.

As at to date of this Annual Report, the Board has yet to appoint a suitable candidate as Managing Director of the Company. The Company is aware that the positions are to be held by different individuals which is clearly stated in the Company's Board Charter. The Board Charter also explains the roles and responsibilities the Chairman and Managing Director which are separate and distinct from one another.

Qualified and Competent Company Secretaries

The Board is advised and supported by three (3) suitably qualified and competent Company Secretaries. The Company Secretaries provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices as prescribed in the MCCG2017.

Aside from discharging their duties in maintaining the statutory books of the Company, the Company Secretaries are also responsible to advise the Board from time to time on issues pertaining to compliance with Bursa Securities Listing Requirements, laws, rules, procedure and regulations affecting the Company, as well as principles of best corporate governance practices. The Company Secretary also makes 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, as well as to alert the Directors on dealing in Securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries attends all Board and Committee Meetings, and 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.

Independent Directors

The Board has adopted the guidelines of MCCG2017 that an Independent Director's tenure must not exceed a cumulative term limit of 9 years. As at the date of this Annual Report, the Company has two (2) Independent Directors.

As at financial period ended 31 December 2018, Mr Wong Kok Seong's re-election for continuance of service as an Independent Director is subject to shareholders' approval as he has served the Board for more than 9 years. The Board shall seek shareholders' approval during the forthcoming 11th Annual General Meeting for the re-election of Mr Wong Kok Seong as an Independent Director.

However, the Board is confident that Mr Wong Kok Seong has maintained his independency throughout his tenure both as Independent Director and Board Committee member. Mr Wong Kok Seong has provided the Board with unbiased and independent views, advice and judgment in the decision-making process of the Board to help ensure that the interests of shareholders and stakeholders are well safeguarded at all times.

Supply and Access to Information

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 also supplied with the detailed reports and relevant supporting documents pertaining to the financial performance, investments and strategic direction, 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 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 members are given unrestricted access to all information 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.

Board Charter

The Board has established a Board Charter as a point of reference for Board activities. The Board Charter clearly delineates the roles, duties and responsibilities of the Board, Board Committees and Management. It provides a structured guidance regarding their various responsibilities of the Directors in carrying out their leadership and supervisory role, as well as in discharging their duties towards the Company as well as boardroom activities. Salient features of the Board Charter are available on the Company's corporate website at www.bioosmobhd.com.

Code of Ethics & Conduct

The Board has established a Code of Ethics and Conduct for Directors ("COEC") which has been approved and adopted since 30 June 2016. The COEC are intended to codify a standard of conduct by which all Directors are expected to abide; protect the business interests of the Company; maintain the Company's reputation for integrity; and foster compliance with applicable legal and regulatory obligations.

The COEC has been uploaded to the Company's website, www.bioosmobhd.com for further viewing.

Whistle-Blowing Policy

The Board has established a Whistle-Blowing Policy to the Board, Senior management and employees of the Company with mechanisms for employees and other interested parties to confidentially and anonymously bring to the attention of the Chairman of the Audit Committee any concerns related to matters covered by the Company's COEC, legal issues and accounting or audit matters., including:

- Fraud
- Corruption, bribery or blackmail;
- Criminal offences;
- Miscarriage of justice; and
- Concealment of any, or combination, of the above.

The aim of this Whistle-Blowing Policy is to make available to employees to raise the matters in an independent and unbiased manner. Employees are not required to prove the cases but rather to provide sufficient information for the management to take appropriate steps.

The reports or complaints is to be directed to the Chairman of the Audit Committee, Prof. Dr. Mohd Amy Azhar bin Hj. Mohd Harif who will review and follow through any reported allegations.

The Whistle-Blowing Policy has been uploaded to the Company's website, www.bioosmobhd.com for further viewing.

Board Diversity

The profile of each Director is set out in this Annual Report. The Directors, with their diverse backgrounds and qualifications, collectively provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, legal and technical areas of the industries the Company is involved in.

The Company recognises that a diverse and talented workforce is a competitive advantage. As at to date of this Annual Report, the company has appointed one (1) female director on the Board. The Board aims to have at least two (2) women directors or 30% women directors on the board.

To meet the target above, the Company shall identify and recommend suitable female candidates in the nearby future to the Board. The recommendations shall be in accordance with the candidates skills, contributions, background, commitments and experience

Board Meetings

The details of the number of board meetings and board committees held during the financial period as well as the attendance of each board member at those meetings are disclosed below:

	No. of meetings attended			
Name of directors	**Board**	**AC[(a)]**	**NC[(b)]**	**RC[(c)]**
Dato' Seri Ismail @ Farouk bin Abdullah *(Executive Chairman)*	-	-	-	-
En Shahrizal Hisham bin Abdul Halim *(Executive Director)*	8/8	-	-	-
En Azrin Mirzhan bin Kamaluddin *(Executive Director)*	7/7	-	-	-
En Auzir bin Mohd Yaacob *(Independent Non-Executive Director)*	2/2	1/1	1/1	1/1
Mr Wong Kok Seong *(Independent Non-Executive Director)*	8/8	7/7	3/3	1/1
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif *(Independent Non-Executive Director)*	8/8	7/7	3/3	1/1
Dato' Latt Shariman bin Abdullah *(Non-Independent Non-Executive Director)*	4/5	2/3	-	-
Datuk Mohammad Kamal bin Yan Yahaya *(Non-Independent Non-Executive Director)*	7/7	-	-	-
Dato' Yahya bin A. Jalil *(Non-Independent Non-Executive Director)*	5/8	-	-	-
Pn Dyana Sofya binti Mohd Daud *(Non-Independent Non-Executive Director)*	2/2	2/2	-	-

Note:
(a) Audit Committee Meetings
(b) Nomination Committee Meetings
(c) Remuneration Committee Meetings

The Board is satisfied with the level of commitment given by the Directors towards fulfilling their responsibilities as Directors. This, amongst others, is evidenced by the attendance record of the Directors at Board meetings. The minimum 50% attendance requirement as stipulated in the Listing Requirements has been complied with.

Each member of the Board holds not more than five (5) directorships in public listed companies in accordance with Listing Requirements of Bursa Securities. While holding office, he/she is at liberty to accept other board appointments so long as the appointment is not in conflict with the business and does not affect his performance as a director. Any acceptance of new directorships must be notified to the Company immediately and the Board is informed on changes to the directorships held by the Director at the following Board meeting.

Directors Training

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 Board members are encouraged to enroll suitable and relevant training sessions as and when they are available. All the Directors have attended and successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities.

During the financial period under review, the Directors attended the following training programs and seminars:

Date	Training programmes
15 Nov 2017	Applied Research International Conference on Business
16 Nov 2017	8th International Conference on Economic, Business and Social Sciences
17 Nov 2017	MIA-SC Workshop on Malaysia Code on Corporate Governance
14 Dec 2017	How to Manage Impairment of Various Assets
12 Feb 2018	Mandatory Accreditation Programme for Directors of Public Listed Companies – by ICLIF
09 Apr 2018	Mandatory Accreditation Programme for Directors of Public Listed Companies – by ICLIF
16 Apr 2018	Retreat Khas Pengurusan UUM 2018
20 Jun 2018	11th International Conference on Economics Business and Social Sciences
08 Aug 2018	Program Penanda Arasan Pemantapan Pengurusan Kualiti & Team Building
06 Sep 2018	Sustainability Engagement Series for Directors/ Chief Executive Officers – by Bursa
20 Sep 2018	Costing Template Workshop
08 Oct 2018	Mandatory Accreditation Programme for Directors of Public Listed Companies – by ICLIF
26 Nov 2018	International Congress on Social and Economics Sciences
06 Dec 2018	Fair Value Accounting System (Including MFRS 13 Fair Value Measurement)
12 Dec 2018	Detailed Analysis and Application of the Three New Standards: MFRS9, MFRS15 & MFRS16

Board Committees

To ensure the effective discharge of its fiduciary duties and responsibilities more effectively, the Board delegates specific responsibilities to the Board Committees established by the Board.

All Board Committees function within and in accordance with clearly defined terms of reference which were approved by the Board from the onset. These Board Committees have unrestricted authority to examine issues and submit reports of their findings to the Board. As the Board Committees have no authority to make decisions on matters reserved for the Board, the recommendations would then be deliberated by the Board as a whole for decision making.

A) Nomination Committee

The Nomination Committee was established on 23 October 2007 to consider candidates for directorship and Board Committee membership, and to review the effectiveness of the Board, through performance assessment of the Board, Board Committees and individual Directors. The Nomination Committee comprises of three members, all of whom are independent non-executive directors:

- Mr Wong Kok Seong[(a)] (Chairman)
- Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif[(b)] (Member)
- Datuk Mohammad Kamal bin Yan Yahya[(c)] (Member)
- En Auzir bin Mohd Yaacob[(d)] (Member)

Note:
(a) Mr Wong Kok Seong re-designated from Member to Chairman of the Nomination Committee w.e.f. 19 January 2018
(b) Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif re-designated from Chairman to Member of the Nomination Committee w.e.f. 19 January 2018
(c) Datuk Mohammad Kamal bin Yan Yahya appointed as Member of the Nomination Committee w.e.f. 19 January 2018
(d) En Auzir bin Mohd Yaacob resigned as Member of the Nomination Committee w.e.f. 24 October 2017.

The Nomination Committee is 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 three times during the financial period under review. The Nomination Committee was guided by the Corporate Governance Guide – Towards Boardroom Excellence, and conducted an annual assessment of the Board, Board Committees and individual Directors by taking into consideration the following key aspects for assessment:

- appropriate size, composition, independence, mix of skills and experience within the Board and the Board Committees;
- clear definition of the Board and Board Committees' roles and responsibilities;
- functioning of the Board and Board Committees in a productive, objective, timely, effective and efficient manner;
- open communication of information and active participation within Board and Board Committees; and
- proper discharge of responsibilities and leadership by the Chairmen of the Board and Board Committees.

Based on the review of the Nomination Committee, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors of the Board and their ability to act in the best interest of the Company and each Board member have performed satisfactorily, and that the composition of the Board is effective.

Process for selection and appointment of new directors

The Nomination Committee has in place a formal process for the selection of new directors to increase transparency of the nomination process in identifying and evaluating nominees for directors. The Nomination Committee leads the process as follows:

- The Nomination Committee evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Company. In light of such evaluation, the Nomination Committee determines the role and the key attributes that an incoming director should have.

- The Nomination Committee taps on the resources of directors' personal contacts and recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed in the search process.

- The Nomination Committee meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.

- The Nomination Committee recommends the most suitable candidate to the Board for appointment as director.

Re-appointment / re-election of directors

All directors submit themselves for re-election at regular intervals of at least once every three (3) years. Article 127 of the Company's Constitution provides that one-third of the directors (or if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation and be subject to re-election at the Company's Annual General Meeting.

In addition, Article 132 of the Company's Constitution provides that any newly appointed director during the financial year must retire and submit him/herself for re-election at the next Annual General Meeting following his/her appointment. Thereafter, he/she is subject to be re-appointed at least once every three (3) years.

In recommending the re-appointment or re-election of Directors, the Nomination Committee took into account the following:

- character, knowledge, expertise, professionalism, integrity and time availability;

- the results of the assessment on individual Directors; and

- in the case of Independent Non-Executive Directors, their abilities to discharge such responsibilities and functions as expected from Independent Non-Executive Directors.

Subsequent to the FPE2018, the Nomination Committee carried out and reported to the Board the outcome of the following key activities:

a) reviewed the required mix of skills, experience and other qualities of the Board;

b) assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director including his time commitment, character, experience and integrity;

c) assessed the effectiveness and performance of the Executive Director;

d) assessed the independence of its Independent Directors, particularly in relation to the nine (9) years limit on the tenure of Independent Directors;

e) recommendation for the re-election of the Director who was retiring and seeking for re-election at the forthcoming Annual General Meeting of the Company;

f) recommended the continuance of Independent Directors exceeding the nine (9) years tenure limit; and

g) recommended for the Directors to determine their training programs as they are in a better position to assess their training needs.

Proposed appointment of member(s) to the Board to fill vacancy and proposal for re-election or re-appointment of Directors seeking re-election or re-appointment at the Annual General Meeting are recommended by the Nomination Committee to the Board for approval or tabling at the Annual General Meeting for shareholders' approval, as the case may be.

The Company Secretary is tasked to ensure that all appointments are properly made and that all necessary information is obtained from the Directors, for the Company's records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements of Bursa Securities.

B) Remuneration Committee

The Remuneration Committee was established on 23 October 2007 to assist the Board on fair remuneration practices and attracting, retaining and motivating Directors and make relevant recommendations to the Board. The Remuneration Committee comprises of the following three members, all whom are Non-Executive Directors:

- Mr Wong Kok Seong[a] (Chairman)
- Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif (Member)
- Dato' Yahya bin A. Jalil[b] (Member)
- En Auzir bin Mohd Yaacob[c] (Member)

Note:

(a) Mr Wong Kok Seong re-designated from Member to Chairman of the Remuneration Committee w.e.f. 24 October 2017.
(b) Dato' Yahya bin A. Jalil appointed as member of the Remuneration Committee w.e.f. 19 January 2018.
(c) En Auzir bin Mohd Yaacob resigned as Chairman of the Remuneration Committee w.e.f. 24 October 2017.

The Remuneration Committee operates within defined terms of reference that has been drawn up in accordance with the best practices prescribed by the Code. The terms of reference of the Remuneration Committee are available for reference at the Company's corporate website.

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 Company's business.

The Remuneration Committee reviews, assesses and recommends to the Board the remuneration package of the Executive Director. The Executive Director's remuneration consists of basic salary, contribution to the national pension fund and benefits-in-kind whilst the Non-Executive Directors' package primarily consists of director fees and meeting allowances. The Director concerned shall abstain in deliberation and voting on decisions in respect of his individual remuneration.

The aggregate remunerationon directors named basis paid or payable to all Directors of the Company from the Company for the FPE2018 are as follows:

Paid or payable to all Directors of the Company for FPE2018 (based on 18-month cumulatively):

Director Name	**Fees (RM)**	**Allowance (RM)**	**Salaries (RM)**	**Statutory Contributions (RM)**	**BIK[(a)] (RM)**	**Total (RM)**
Dato' Seri Ismail @ Farouk bin Abdullah *(Executive Chairman)*	-	-	-	-	-	-
En Shahrizal Hisham bin Abdul Halim *(Executive Director)*	-	44,000	180,000	22,938	-	246,938
En Azrin Mirzhan bin Kamaluddin *(Executive Director)*	42,000	7,000	-	-	-	49,000
Mr Wong Kok Seong *(Independent Non-Executive Director)*	54,000	13,500	-	-	-	67,500
Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif *(Independent Non-Executive Director)*	54,000	12,000	-	-	-	66,000
Dato' Yahya bin A. Jalil *(Non-Independent Non-Executive Director)*	42,000	5,000	-	-	-	47,000
Datuk Mohammad Kamal bin Yan Yahaya *(Non-Independent Non-Executive Director)*	42,000	7,500	-	-	-	49,500
Pn Dyana Sofya binti Mohd Daud *(Non-Independent Non-Executive Director)*	21,000	1,500	-	-	-	22,500

Director Name	Fees (RM)	Allowance (RM)	Salaries (RM)	Statutory Contribu-tions (RM)	BIK[(a)] (RM)	Total (RM)
Dato' Latt Shariman bin Abdullah *(Non-Independent Non-Executive Director)*	21,000	2,500	-	-	-	23,500
En Auzir bin Mohd Yaacob *(Independent Non-Executive Director)*	45,000	3,500	-	-	-	48,500
Total	**321,000**	**96,500**	**180,000**	**22,938**	**-**	**620,438**

Note: [(a)] BIK denotes as Benefits-in-Kind

Number of Directors whose remuneration falls into the bands (based on 18-month cumulatively):

Range of remuneration	Executive Directors	Non-Executive Directors
RM50,000 and below	1	5
RM50,001 – RM100,000	-	2
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM201,000 – RM250,000	1	-
Total	**2**	**7**

Number of Senior Management Employees whose remuneration falls into the bands (based on 18-month cumulatively):

Range of remuneration	Senior Management
RM350,001 – RM400,000	1
Total	1

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

It is the Board's commitment to provide and present a clear, balanced and comprehensive assessment of the Company's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of the Company's results to Bursa Securities and the financial statements for each financial year in accordance with applicable Financial Reporting Standards and requirements of the Companies Act 2016 in Malaysia. The Board is satisfied that appropriate accounting policies have been consistently applied and supported by reasonable judgements and estimates.

Audit Committee

The Board has established, through the Audit Committee, a close and transparent relationship with the External Auditors in seeking professional advice and ensuring compliance with relevant accounting standards. The External Auditors have confirmed to the Audit Committee that they have been independent throughout the conduct of audit engagement in accordance with terms of relevant professional and regulatory requirements. The Audit Committee evaluated the External Auditors based on cost effective of the audit process together with the External Auditors' performance and assurances as well as discussion with management and concluded that the External Auditors demonstrated appropriate qualifications and expertise. Therefore, the Audit Committee recommended to the Board that Messrs Baker Tilly Monteiro Heng PLT be re-appointed as the External Auditors. The Board accepted this recommendation and has proposed such resolution for shareholders' approval at the forthcoming Annual General Meeting ("AGM").

The total amount of audit and non-audit fees incurred for services rendered to the Company for the FPE2018 by the Company's External Auditors, Messrs Baker Tilly Monteiro Heng PLT are RM174,000 and RM366,500 respectively. Annual appointment or re-appointment of the external auditor is via shareholders' resolution at the AGM on the recommendation of the Board.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial period under review.

<u>Relationship with the Auditors</u>

The Company has established a transparent arrangement with the auditors to meet their professional requirements. From time to time, the auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention. The Audit Committee also meets the external auditors without the presence of the Executive Directors and the Management at least twice a year on any matters relating to the Company and its audit activities.

<u>Assessment of External Auditors</u>

In assessing the independence of external auditors, the Audit Committee reviewed and considered a written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of their audit engagement with the Company in accordance with the independence criteria of International Standards on Auditing and By-Laws issued by the Malaysian Institute of Accountants.

Risk Management and Internal Control

The Board regards risk management and internal controls as an integral part of the overall management processes. The Board as a whole is ultimately responsible for identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage those risks.

The Board has established internal control procedures and policies for its operations and monitors, through the Internal Auditors, to ensure that such internal control system is implemented and carried out effectively by the management. The internal audit function is currently outsourced to an external professional consulting firm, Smart Focus Consulting Sdn Bhd. 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 Company. Each year, the Board and the management discuss at length the scope of audit works to be undertaken by the Internal Auditor. The Internal Auditors are then invited to conduct the audit based on the agreed scope of work.

The Statement on Risk Management and Internal Control, which provided an overview of the state of internal control and risk management within the Company, is included in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Company recognises the value of transparent and effective communications with the investment community and aims to build long-term relationships with its shareholders and investors through appropriate channels for disclosure of information.

The Company mainly communicates with its shareholders, stakeholders and the public through press releases, press conferences, timely announcements and disclosures made to Bursa Securities.

Information disseminated is clear, relevant and comprehensive, provided on a timely basis and is readily accessible by all stakeholders. The Company endeavours to provide investors with sufficient business, operational and financial information on the Company to enable them to make informed investment decisions. The Annual Report, which is also a key communication channel between the Company and its shareholders and investors, is published within four (4) months after the financial year-end. "The Management Discussion & Analysis" of the Company's Annual Reports provide an insightful interpretation of the Company's performance, operations, prospects and other matters affecting the Company's business and/or shareholders' interests.

Conduct of General Meetings

The Annual General Meeting is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Company's businesses, performance and prospects. In compliance with the Listing Requirements of Bursa Securities and the Companies Act 2016, the Annual Report and the notice of Annual General Meeting are sent to shareholders within the prescribed timeframe. The notice of Annual General Meeting is also published in a national newspaper and released through Bursa Securities for public dissemination. Members of the Board are present at the meeting to answer questions raised. All suggestions and comments put forth by shareholders will be noted by the Board for consideration. The Company also welcomes electronic communications from its shareholders via its email address at *info@bioosmobhd.com.*

Voting

In line with the Listing Requirements of Bursa Securities, all resolutions as set out in the notice of all general meetings of the Company will be voted by way of poll.

For the FPE2018 and until to-date of this Annual Report, the Company has complied substantially with the Principles and Recommendations of the MCCG2017 so far as applicable and described herein.

This Statement has been reviewed and approved by the Board of Directors on 23 April 2019.

Hotels Berhad

(formerly known as Bio Osmo Berhad)
(740838-A)

Impiana Private Villas Ubud
Bali, Indonesia

AUDIT COMMITTEE REPORT

The Audit Committee was established to oversee and advise the Board of Directors in the areas of financial reporting, external and internal audit, risk management, review of related party transactions as well as conflict of interest situations of the Company.

COMPOSITION AND MEMBERSHIP

The Audit Committee currently consists of three (3) directors ("AC members"), all of whom were Non-Executive Directors, with two of them whom are Independent Directors. They are:

Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif
Chairman/Independent Non-Executive Director (Appointed as Chairman on 19 January 2018)

Mr Wong Kok Seong
Member/Independent Non-Executive Director

Pn Dyana Sofya binti Mohd Daud
Member/Non-Independent Non-Executive Director (Appointed on 30 May 2018)

Dato' Latt Shariman bin Abdullah
Member/Non-Independent Non-Executive Director (Appointed on 19 January 2018; Resigned on 30 May 2018)

En Auzir bin Mohd Yaacob
Member/Independent Non-Executive Director (Resigned on 24 October 2017)

Both Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif and Mr Wong Kok Seong are members of the Malaysian Institute of Accountants (MIA), while Pn Dyana Sofya binti Mohd Daud is a practising advocate and solicitor in Malaysia. The details of the members of the Committee are contained in the "Profile of Board of Directors & Key Management Staff" set out in this Annual Report.

TERMS OF REFERENCE

The terms of reference of the Audit Committee are available for reference at the Company's corporate website at www.bioosmobhd.com.

MEETINGS

During the financial period ended 31 December 2018, the Audit Committee convened seven (7) meetings and the attendance of each AC member are as follows:

Members	No. of meetings attended
Prof Dr Mohd Amy Azhar bin Haji Mohd Harif	7/7
Mr Wong Kok Seong	7/7
Pn Dyana Sofya binti Mohd Daud	2/2
Dato' Latt Shariman bin Abdullah	2/3
Auzir bin Mohd Yaacob	1/1

The Notice of Meeting, Minutes of meetings, reports and relevant documents were distributed to all the AC members in advance prior to the respective meetings in order to allow the AC members sufficient time to peruse these documents for effective discussion and notation thereon.

The Executive Directors and Group Chief Operating Officer were invited to the AC meetings, to report on the overall operations of the Company. The External Auditors and outsourced Internal Auditors were also invited to attend these meetings as and when necessary.

FUNCTIONS AND ACTIVITIES

Below is a summary of activities carried out by the Audit Committee during the financial period ended 31 December 2018 :

Financial Reporting

- Reviewed and discussed all quarterly unaudited financial result and audited financial statements prior to submission to the Board of Directors for their consideration and approval.
- Ensured the Company's compliance on issues pertaining to :
  - Accounting Standards and regulatory requirements;
  - Implementation and changes (if any) of accounting policies; and
  - Significant and unusual events or transactions.

Internal Audit

- Reviewed Internal Audit Plan and Memorandum proposed by the Internal Auditor
- Discussed with management on the actions taken to improve the internal controls based on improvement opportunities identified in the Internal Audit Report; and
- Reviewed the adequacy and relevance of the scope, function, competency and resources of the internal audit functions.

External Audit

- Reviewed and discussed 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;
- Reviewed with the External Auditors the results of the audit of the financial statements, significant findings, audit reports, and the response from the management;
- Reviewed the Audit Planning Memorandum, scope of work and proposed audit fees prior to the commencement of the audit for the financial period under review;
- Reviewed the performance and independence of the External Auditors, and made recommendation to the Board of Directors on their re-appointment; and
- Held discussion with the External Auditors, in the absence of management, on areas of concern arising from their interim and final audit.

Compliance with Bursa Securities

- Reviewed the Company's compliance with the Bursa Securities Main Market Listing Requirements and other relevant rules and regulations on an on-going basis; and
- Seek advice and guidance from the Company Secretary on matters relating to Listing Guidelines. Recurrent Related Party Transactions ("RRPT")
- Reviewed the transaction limits related party transactions entered into by the Company with related parties on a quarterly basis to ensure compliances to the mandate approved by shareholders;
- Reviewed the information, procedures and processes contained in the Shareholders' Circular on RRPT prior to tabling the same for Board of Directors' approval.

AUDIT COMMITTEE REPORT (con't)

Other Functions

- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control and other relevant statements and information for inclusion into the Annual Report prior to tabling the same for Board of Directors' approval.

REVIEW OF THE AUDIT COMMITTEE

The Terms of Reference of the Audit Committee has been reviewed and updated to be in line with the requirements of the Bursa Securities Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2017.

The AC members was assessed based on several key areas, namely the quality, skillsets and competencies of the AC members as well as conduct of AC meetings in meeting the terms of reference.

The Board of Directors, together with the Nomination Committee are satisfied that the Audit Committee and the AC members have discharged their duties and responsibilities in accordance with the Audit Committee's Terms of Reference during the financial period ended 31 December 2018.

INTERNAL AUDIT FUNCTION

The Company outsourced its internal audit function to an independent consulting firm, which reports directly to the Audit Committee. The internal audit function is to ensure a regular review of the adequacy and integrity of the Company's system of internal control, risk management process and compliance with the Company's established policies and procedures to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Company. The Internal Auditor undertakes the internal audit function based on the audit plan that is reviewed and approved by the Audit Committee.

The Internal Auditors has conducted a risk management exercise and hotel management review focusing on the contracts, revenue and continuity of business of the Company for the financial period ended 31 December 2018.

The reports containing findings and recommendations together with management's responses thereto were reviewed by the Audit Committee and discussed at Audit Committee Meetings. Areas of improvement identified and timelines for the outstanding matters to be resolved were communicated to the management for further actions. Follow up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective actions for improvements.

The cost incurred for the internal audit function inclusive of risk management review in respect of the financial period ended 31 December 2018 was RM12,000 (2017: RM12,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Impiana Hotels Berhad (formerly known as Bio Osmo Berhad) ("the Company") acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practise good corporate governance. The Board is committed to practicing good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to provide the following Statement on Risk Management and Internal Control which is prepared pursuant to Bursa Main Market Listing Requirements ("Listing requirements") and Principle B of the Malaysian Code on Corporate Governance 2017 ("MCCG2017"), and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines"), which outlines the nature and scope of risk management and internal control of the Company during the financial period ended 31 December 2018.

RESPONSIBILITY OF THE BOARD

The Board is ultimately responsible for the internal control throughout the Company. It is also accountable for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard the Company's assets, and ultimately the shareholders' investments. The Board recognises that the system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives. Hence, the Board shall only provide reasonable and not absolute assurance against misstatement or loss. Nonetheless, the Board shall evaluate appropriate initiatives - on a continuous basis - to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Company.

CONTROL ENVIRONMENT

The Board of Directors and the Senior Management team consistently endeavour to maintain an adequate system of internal controls designed to manage risks rather than to eliminate them. The Company has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Company. As such, it is recognised that the system of internal controls can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement or loss.

The Board is accountable for ensuring the existence and effectiveness of internal control. It provides leadership and direction to Senior Management on the manner the Company controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Company, assessment of financial and operational risks and an effective monitoring mechanism.

INTERNAL AUDIT

The outsourced Internal Auditors have reviewed the Company's internal control systems to identify and address related internal control weaknesses. The Internal Audit team independently reviewed the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. The internal auditors also tested the effectiveness of the internal control on the basis of an internal audit strategy and a detailed annual internal audit plan was presented to the Audit Committee for approval. It should be annotated that the internal audit was based on samples selection and did not engage any strategy to detect fraud during the performance of the audit.

The Internal Auditors also reports on the activities performed and key strategic and control issues observed by them to the Audit Committee in order to preserve its independence. The Audit Committee reviews and approves audit plan and human resources requirements to ensure the function maintains an adequate number of internal auditors with sufficient knowledge, skills and experience.

PRACTICES & FRAMEWORK

Using this framework, all internal control Assessments performed by the Internal Auditors are based on the internal control elements Scope and Coverage.

The Internal Auditors continue to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the Company's key risks and core/priority areas. Input from various sources inclusive of the Enterprise Risk Management Framework, Business Plan, past audit issues, external auditors, Management and Board are gathered, assessed and prioritised to derive the annual audit plan.

Internal Audit was conducted for the financial period ended 31 December 2018; the key coverage is as below:

- Risk Management Review
- Hotel Management – Contracts
- Quality
- Continuity of Business
- Revenue

INFORMATION AND COMMUNICATIONS

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to request for information and clarification from the Management as well as to seek inputs from the Audit Committee, external and internal auditors and other experts at the expense of the Company.

RISK MANAGEMENT

The Company has an ongoing process for identifying, evaluating and managing the significant risks faced by the Company throughout the financial period under review. This is to ensure that all high risks are adequately addressed at various levels within the Company. Risk management is embedded in the Company's management system and is every employee's responsibility. The Company believes that risk management is critical for the Company's continued profitability and the enhancement of shareholder value.

The Board regards risk management as an integral part of the Company's business operations and has oversight over this critical area through the Audit Committee. The Audit Committee, supported by the Internal Audit team, provides an independent assessment of the effectiveness of the Company's Enterprise Risk Management ("ERM") framework and reports to the Board. The Company's ERM is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Company's internal and external environment, The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management

All identified risks are displayed on a risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. There is no dedicated ERM department, however, the management work closely with the Company's operational managers to continuously strengthen the risk management initiatives within the Company so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

The Board recognises the importance of effective ERM in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Company embraces a holistic risk management approach to achieve its business targets with minimal surprises.

Monitoring Activities

In the period under review, the following monitoring activities were undertaken to provide assurance on the effectiveness of risk management and internal controls:

(a) Our Board through our AC has reviewed the risk management updates as well as the progress of compliance status of the internal control and risk management system.

Assurance from the Management

The Board has also received assurance from the Executive Director and Company COO, that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management framework adopted by the Company.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Company for the financial period ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Company, in all material respects:

(a) has not been prepared 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, nor

(b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board is pleased to report that there were no major internal control weaknesses identified during the period, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Company's Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, Management continues to take measures to strengthen the control environment.

This statement is made in accordance with the resolution of the Board of directors dated 23 April 2019

Hotels Berhad

(formerly known as Bio Osmo Berhad)
(740838-A)

Impiana Resort Chaweng Noi
Koh Samui, Thailand

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

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

The Directors are required by the Companies Act, 2016 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the financial positions of the Company at the end of the financial period and of the results and cash flows of the Company for the financial period.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provision of the Act and the Listing Requirements.

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 its subsidiaries to prevent and detect fraud and other irregularities.

This Statement has been approved by the Board on 23 April 2019.

FINANCIAL STATEMENT CONTENTS

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 December 2018.

CHANGE OF NAME

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements.

RESULTS

	Group RM	Company RM
(Loss)/Profit for the financial period, net of tax		
- Continuing operations	(4,513,515)	910,236
- Discontinued operations	(9,103,356)	-
	(13,616,871)	910,236
(Loss)/Profit attributable to:		
Owners of the Company	(12,974,428)	910,236
Non-controlling interest	(642,443)	-
	(13,616,871)	910,236

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial period ended 31 December 2018.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance 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 allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised 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 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 period which secures the liabilities of any other person; and

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

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which 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.

ITEMS OF MATERIAL AND UNUSUAL NATURE

Except as disclosed in the financial statements, in the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report was made.

ISSUE OF SHARES AND DEBENTURES

During the financial period, no new issue of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial period and during the period from the end of the financial period to the date of the report are:

Dato' Seri Ismail @ Farouk Bin Abdullah	(Appointed on 18 April 2019)
Wong Kok Seong *	
Prof. Dr. Mohd Amy Azhar Bin Haji Mohd Harif *	
Shahrizal Hisham Bin Dato' Setia Abdul Halim #	
Datuk Mohammad Kamal Bin Yan Yahaya	(Appointed on 24 October 2017)
Dato' Yahya Bin A. Jalil	(Appointed on 24 October 2017)
Azrin Mirzhan Bin Kamaluddin	(Appointed on 24 October 2017)
Dyana Sofya Binti Mohd Daud	(Appointed on 30 May 2018)
Auzir Bin Mohd Yaacob * #	(Resigned on 24 October 2017)
Dato' Latt Shariman Bin Abdullah	(Appointed on 24 October 2017 and resigned on 30 May 2018)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial period and during the period from the end of the financial year to the date of the report are:

Chang How Weng	
Shazilan bin Dahalan	(Appointed on 15 March 2018)
Eng Kim Lan	(Appointed on 27 July 2018)
Adnan bin Ahmad	(Appointed on 15 August 2018)
Muhamad Rafizam bin Taib	(Appointed on 15 August 2018)
Yap Weng Khoon	(Resigned on 16 March 2018)
Datin Afrizah Binti Abu Bakar	(Resigned on 30 July 2018)
Lee Chong Choy #	(Resigned on 15 August 2018)
Yap Chin Kar #	(Resigned on 15 August 2018)

Directors of the disposed subsidiaries

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial period were as follows:

	Number of Ordinary Shares			
	At 1.7.2017	**Bought**	**Sold**	**At 31.12.2018**
Interest in the Company				
Direct interests:				
Wong Kok Seong	10,000	-	-	10,000
Indirect interests:				
Shahrizal Hisham Bin Dato' Setia Abdul Halim	100,000,000 [1]	-	-	100,000,000 [1]

(1) Shares held through a company in which the director has substantial financial interests.

Other than as stated above, none of the other directors in office at the end of the financial period had any interest in shares of the Company and its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, 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 as disclosed in Note 6 to 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 arrangements where the 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.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 11 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

Details of significant events subsequent to the end of the financial period are disclosed in Note 31 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 5 and Note 8 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

…………………………………………
SHAHRIZAL HISHAM BIN DATO' SETIA ABDUL HALIM
Director

…………………………………………
PROF. DR. MOHD AMY AZHAR BIN HAJI MOHD HARIF
Director

Date: 23 April 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

		Group		Company	
		Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	Note	RM	RM	RM	RM
Continuing operations					
Revenue	4	4,823,430	4,954,520	1,687,500	-
Cost of sales		(634,702)	(1,060,684)	-	-
Gross profit		4,188,728	3,893,836	1,687,500	-
Other income		24,463	1,265,817	6,102,442	2,616,121
Selling and distribution costs		(40,138)	(322,982)	(40,138)	(294,982)
Administrative costs		(4,128,563)	(1,545,727)	(3,426,114)	(3,330,658)
Other costs		(2,979,871)	(2,891,049)	(3,413,454)	(289,550)
		(7,148,572)	(4,759,758)	(6,879,706)	(3,915,190)
(Loss)/Profit before tax	5	(2,935,381)	399,895	910,236	(1,299,069)
Income tax expense	7	(1,578,134)	(815,236)	-	-
(Loss)/Profit for the financial period/year from continuing operations		(4,513,515)	(415,341)	910,236	(1,299,069)
Loss for the financial period/ year from discontinued operations, net of tax	8	(9,103,356)	(10,656,972)	-	-
(Loss)/Profit for the financial period/year, representing total comprehensive (loss)/ profit for the financial period/year		(13,616,871)	(11,072,313)	910,236	(1,299,069)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (con't)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

		Group		Company	
		Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	Note	RM	RM	RM	RM
Total comprehensive (loss)/income attributable to:					
Owner of the Company					
- from continuing operations		(4,261,257)	(978,479)	910,236	(1,299,069)
- from discontinued operations		(8,713,171)	(9,946,664)	-	-
		(12,974,428)	(10,925,143)	910,236	(1,299,069)
Non-controlling interest					
- from continuing operations		(252,258)	497,096	-	-
- from discontinued operations		(390,185)	(644,266)	-	-
		(642,443)	(147,170)	-	-
		(13,616,871)	(11,072,313)	910,236	(1,299,069)

		Group	
		Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	Note	RM	RM
Basic loss per share (sen):			
Basic			
- From continuing operations	9	(0.53)	(0.15)
- From discontinued operations	9	(1.10)	(1.51)
		(1.63)	(1.66)
Diluted			
- From continuing operations	9	(0.53)	(0.15)
- From discontinued operations	9	(1.10)	(1.51)
		(1.63)	(1.66)

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 2018

		Group		Company	
		As at	As at	As at	As at
		31.12.2018	30.6.2017	31.12.2018	30.6.2017
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	18,234	23,080,799	18,234	61,346
Investments in subsidiaries	11	-	-	18,750,000	18,750,000
Intangible assets	12	12,029,327	13,533,132	-	-
Amount due from a related company	13	12,500,000	-	-	-
Trade receivables	14	747,864	450,457	-	-
Total non-current assets		25,295,425	37,064,388	18,768,234	18,811,346
Current assets					
Inventories	15	-	573,729	-	-
Trade receivables	14	3,576,434	4,978,353	-	-
Other receivables, deposits and prepayments	16	2,050,003	944,230	2,049,523	31,677
Amounts due from subsidiaries	17	-	-	247,421	21,947
Amount due from a related company	13	16,100	-	-	-
Deposits with a licensed bank	18	-	305,700	-	-
Cash and bank balances		124,938	2,083,242	108,931	1,579,135
Total current assets		5,767,475	8,885,254	2,405,875	1,632,759
TOTAL ASSETS		31,062,900	45,949,642	21,174,109	20,444,105

STATEMENT OF FINANCIAL POSITION (con't)
AS AT 31 DECEMBER 2018

	Note	Group As at 31.12.2018 RM	Group As at 30.6.2017 RM	Company As at 31.12.2018 RM	Company As at 30.6.2017 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	19	42,298,835	42,298,835	42,298,835	42,298,835
Accumulated losses		(25,656,326)	(12,681,898)	(25,947,214)	(26,857,450)
Equity attributable to owners of the Company		16,642,509	29,616,937	16,351,621	15,441,385
Non-controlling interest		6,346,963	5,414,624	-	-
Total equity		22,989,472	35,031,561	16,351,621	15,441,385
Liabilities					
Non-current liabilities					
Deferred tax liabilities	21	526,713	765,877	-	-
Trade payables	22	99,640	81,229	-	-
Total non-current liabilities		626,353	847,106	-	-
Current liabilities					
Trade payables	22	-	1,184,535	-	-
Other payables and accruals	23	5,474,547	7,582,852	4,822,488	5,002,720
Amounts due to directors	24	-	389,026	-	-
Tax payable		1,972,528	914,562	-	-
Total current liabilities		7,447,075	10,070,975	4,822,488	5,002,720
Total liabilities		8,073,428	10,918,081	4,822,488	5,002,720
TOTAL EQUITY AND LIABILITIES		31,062,900	45,949,642	21,174,109	20,444,105

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 PERIOD ENDED 31 DECEMBER 2018

		Attributable to Owners of the Company						
	Note	Share Capital RM	Share Premium RM	Warrants Reserve RM	Accumulated Losses RM	Equity Attributable to Owners of the Company RM	Non-controlling Interest RM	Total Equity RM
Group								
2017								
At 1 July 2016		24,933,000	288,339	2,092,500	(3,023,278)	24,290,561	(1,102,831)	23,187,730
Total comprehensive loss for the financial year								
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	(10,925,143)	(10,925,143)	(147,170)	(11,072,313)
Transactions with owners								
Issuance of ordinary shares	19	17,365,835	-	-	-	17,365,835	-	17,365,835
Warrants expired		-	-	(2,092,500)	2,092,500	-	-	-
Non-controlling interests arising from acquisition of new subsidiary		-	-	-	-	-	6,664,625	6,664,625
Share issuance expenses		-	(288,339)	-	(825,977)	(1,114,316)	-	(1,114,316)
Total transactions with owners		17,365,835	(288,339)	(2,092,500)	1,266,523	16,251,519	6,664,625	22,916,144
At 30 June 2017		42,298,835	-	-	(12,681,898)	29,616,937	5,414,624	35,031,561

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (con't)

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	Note	← Attributable to Owners of the Company				→
		Share Capital	Accumulated Losses	Equity Attributable to Owners of the Company	Non-controlling Interest	Total Equity
		RM	RM	RM	RM	RM
Group						
2018						
At 1 July 2017		42,298,835	(12,681,898)	29,616,937	5,414,624	35,031,561
Total comprehensive loss for the financial period						
Loss for the financial period, representing total comprehensive loss for the financial period		-	(12,974,428)	(12,974,428)	(642,443)	(13,616,871)
Transactions with owners						
Dividend to non-controlling interest		-	-	-	(562,500)	(562,500)
Disposal of a subsidiary	11	-	-	-	2,137,282	2,137,282
Total transactions with owners		-	-	-	1,574,782	1,574,782
At 31 December 2018		42,298,835	(25,656,326)	16,642,509	6,346,963	22,989,472

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 PERIOD ENDED 31 DECEMBER 2018

	Share Capital RM	Share Premium RM	Warrants Reserve RM	Accumulated Losses RM	Total Equity RM
Company					
2017					
At 1 July 2016	24,933,000	288,339	2,092,500	(26,824,904)	488,935
Total comprehensive loss for the financial year					
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(1,299,069)	(1,299,069)
Transactions with owners					
Issuance of ordinary shares	17,365,835	-	-	-	17,365,835
Share issuance expenses	-	(288,339)	-	(825,977)	(1,114,316)
Warrants expired	-	-	(2,092,500)	2,092,500	-
Total transactions with owner	17,365,835	(288,339)	(2,092,500)	1,266,523	16,251,519
At 30 June 2017	42,298,835	-	-	(26,857,450)	15,441,385

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	Share Capital RM	Accumulated Losses RM	Total Equity RM
Company			
2018			
At 1 July 2017	42,298,835	(26,857,450)	15,441,385
Total comprehensive income for the financial period			
Profit for the financial period, representing total representing total comprehensive income for the financial period	-	910,236	910,236
At 31 December 2018	42,298,835	(25,947,214)	16,351,621

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

	Note	Group Period from 1.7.2017 to 31.12.2018 RM	Group Year ended 30.6.2017 RM	Company Period from 1.7.2017 to 31.12.2018 RM	Company Year ended 30.6.2017 RM
Cash Flows from Operating Activities					
(Loss)/Profit before tax:					
- Continuing operations		(2,935,381)	399,895	910,236	(1,299,069)
- Discontinued operations		(9,045,623)	(10,241,708)	-	-
		(11,981,004)	(9,841,813)	910,236	(1,299,069)
Adjustments for:					
Amortisation of intangible assets		1,503,805	684,197	-	-
Bad debts written off		2,697	495,335	32,419	-
Bargain purchase gain on acquisition of a subsidiary		-	(1,243,876)	-	-
Deposits written off		-	75,232	-	-
Depreciation of property, plant and equipment		2,580,939	2,026,190	23,157	15,325
Dividend income		-	-	(1,687,500)	-
Loss/(Gain) on disposal of property, plant and equipment		862,002	(460,000)	-	-
Loss/(Gain) on disposal of subsidiaries		1,402,370	-	(2,500,000)	-
Impairment loss on investments in subsidiaries		-	-	3,343,041	-
Impairment loss on property, plant and equipment		4,634,409	4,621,034	-	-
Impairment loss on trade receivables		-	178,906	-	-
Interest income		(19,888)	(21,269)	(19,323)	-
Unrealised loss/(gain) on foreign exchange		87,762	(58,593)	-	-
Property, plant and equipment written off		22,995	281,788	22,995	-
Reversal of impairment loss on amounts due from subsidiaries		-	-	(2,988,469)	-
Reversal of impairment loss on investments in subsidiaries		-	-	(325,350)	(2,616,121)

		Group		Company	
		Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	Note	RM	RM	RM	RM
Adjustments for: (continued)					
Reversal of impairment loss on property, plant and equipment		-	(27,800)	-	-
Reversal of impairment loss on trade receivables		-	(495,335)	-	-
Operating loss before working capital changes		(903,913)	(3,786,004)	(3,188,794)	(3,899,865)
Changes in working capital:					
Changes in inventories		250,383	(163,141)	-	-
Changes in receivables		(68,029)	(3,514,499)	307,504	310,586
Changes in payables		1,039,939	(7,105,801)	1,157,268	545,642
Cash generated from/(used in) operations		318,380	(14,569,445)	(1,724,022)	(3,043,637)
Dividend received		-	-	1,687,500	-
Interest received		19,888	21,269	19,323	-
Tax paid		(581,732)	-	-	-
Net cash used in operating activities		(243,464)	(14,548,176)	(17,199)	(3,043,637)
Cash Flows from Investing Activities					
Advances to a related company		(16,100)	-	-	-
(Advances to)/Repayment from subsidiaries		-	-	(612,465)	2,594,174
Subscription of shares in acquisition of a subsidiary, net of cash acquired		-	(12,850,430)	-	(18,750,000)
Proceeds from disposal of subsidiaries, net of cash inflow		487,844	-	500,000	-
Purchase of property, plant and equipment	10	(3,040)	(3,395,387)	(3,040)	(4,708)
Proceeds from disposal of property, plant and equipment		20,000	12,000,000	-	-
Real property gains tax paid		(57,733)	(360,000)	-	-
Net cash from/(used in) investing activities		430,971	(4,605,817)	(115,505)	(16,160,534)

		Group		Company	
		Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	Note	RM	RM	RM	RM
Cash Flows from Financing Activities *					
Dividend paid to non-controlling interest		(562,500)	-	-	-
Net (repayment to)/advances from third parties		(1,337,500)	4,322,297	(1,337,500)	4,322,297
Proceeds from issuance of shares		-	17,365,835	-	17,365,835
(Repayment to)/Advances from directors		(239,003)	38,680	-	-
Share issuance expenses paid		-	(1,114,316)	-	(1,114,316)
Net cash (used in)/from financing activities		(2,139,003)	20,612,496	(1,337,500)	20,573,816
Net changes in cash and cash equivalents		(1,951,496)	1,458,503	(1,470,204)	1,369,645
Effect of exchange rate changes on cash and cash equivalents		(6,808)	120	-	-
Cash and cash equivalents at the beginning of the financial period/year		2,083,242	624,619	1,579,135	209,490
Cash and cash equivalents at the end of the financial period/year		124,938	2,083,242	108,931	1,579,135
CASH AND CASH EQUIVALENTS					
Cash and bank balances		124,938	2,083,242	108,931	1,579,135
Deposits with a licensed bank		-	305,700	-	-
		124,938	2,388,942	108,931	1,579,135
Less: Deposits with a licensed bank pledged		-	(305,700)	-	-
		124,938	2,083,242	108,931	1,579,135

* Changes in liabilities arising from financing activities are changes arising from cash flows.

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

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.

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

The registered office of the Company has been changed from No. 5-9A, The Boulevard Offices, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur to 21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan.

The principal place of business of the Company has been changed from No. 1A, Jalan Kampung Sungai Suloh, Mukim Minyak Beku, 83000 Batu Pahat, Johor Darul Takzim to 21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 11.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 23 April 2019.

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 2016 in Malaysia.

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(e).

2. BASIS OF PREPARATION (continued)

(b) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

(i) Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

(ii) New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

		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 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of MFRS	1 January 2018/ 1 January 2021#
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 4	Insurance Contracts	1 January 2018
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#

2. BASIS OF PREPARATION (continued)

(b) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

(ii) New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective: (continued)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (continued)		
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2018/ 1 January 2021#
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC 132	Intangible Assets – Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards
\# Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. **BASIS OF PREPARATION** (continued)

(b) **Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")** (continued)

(ii) **New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective** (continued)

The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- 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 statements 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 statements of financial position.

- 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.

- 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 (continued)

(b) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

(ii) New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

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:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) 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

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

2. BASIS OF PREPARATION (continued)

(b) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

(ii) New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

MFRS 16 Leases *(continued)*

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

2. BASIS OF PREPARATION (continued)

(b) Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

(ii) New MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective (continued)

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a *revised Conceptual Framework for Financial Reporting* and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

2. BASIS OF PREPARATION (continued)

(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.

(d) Going concern assumption

The Group incurred a net loss of RM13,616,871 during the financial period ended 31 December 2018 and, as at that date, the Group's current liabilities exceeded its current assets by RM1,679,600.

The directors of the Company are of the opinion that the preparation of the financial statements of the Group on a going concern basis remains appropriate after considering the potential cash flows generated from the operations of the Group subsequent to the acquisition of entities and cash flows raised through the private placement as disclosed in Note 31.

(e) Significant accounting estimates and judgements

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 reporting 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 area involving a higher degree of judgement or complexity, or area where assumptions and estimates that are significant to the financial statements is disclosed as follows:

(i) Property, plant and equipment

The Group have derecognised its freehold lands and leasehold land ("the Lands") amounting to RM13,559,602 pursuant to the satisfaction of the condition precedent as stated in the Joint Development Agreement. Judgement and estimate are required by the directors in determining the basis on the derecognition of the Lands, the amount of consideration receivable and estimating its related tax liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(i) Subsidiaries and Business Combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any 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 (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss 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.
If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Consolidation (continued)

(i) Subsidiaries and Business Combination (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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 gain or loss 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 associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(ii) Non-Controlling Interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(iii) Transactions Eliminated on Consolidation

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

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign Currency

(i) Foreign Currency Transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(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 volume 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition (continued)

(ii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(iii) Interest Income

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

(iv) Management Fee Received

Management fee is recognised when services are rendered.

(v) Technical Fee Received

Technical fee is recognised when services are rendered.

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income Tax

(i) Current Tax

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 year, using tax rates enacted or substantially enacted by the reporting date and any adjustments recognised for prior 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.

(ii) Deferred Tax

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 acquirer's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(iii) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The GST in Malaysia was abolished and replaced by the sales and service tax effective from 1 September 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income Tax (continued)

(iv) Sales and Services Tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

(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.

Leasehold land is amortised over the period of the remaining leases period of 74 years.

Depreciation of other property, plant and equipment 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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) Intangible Assets

Management rights and trademark that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

These assets which are considered to have finite useful lives will be amortised over the estimated useful lives and assess for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation is provided from the commencement of the commercial production of the related product on the straight line bases over a period of 7 to 15 years. The amortisation period and amortisation method are reviewed at each reporting date.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial Assets (continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of Financial Assets (continued)

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

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.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first in first out basis.
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads are assigned on a first in first out basis.

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

(n) Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and;

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as discontinued operation, the comparative statements of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(o) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share Capital

(i) Ordinary Shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(q) 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.

(r) Provision

Provisions are recognised when the Group and the Company have 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.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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.

(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 and of the Company.

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

(t) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial Liabilities (continued)

The Group's and the Company's other financial liabilities include trade payables and other payables and amounts due to directors.

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.

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.

(u) 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.

(v) 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

	Group		Company	
	Period from 1.7.2017 31.12.2018	Year ended 30.6.2017	Period from 1.7.2017 31.12.2018	Year ended 30.6.2017
	RM	RM	RM	RM
Technical fee	4,026,291	4,504,574	-	-
Management fee	797,139	194,498	-	-
Sale of goods	-	255,448	-	-
Dividend received	-	-	1,687,500	-
	4,823,430	4,954,520	1,687,500	-

5. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

(Loss)/Profit before tax from continuing operations is arrived at after charging/(crediting):

	Group		Company	
	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	RM	RM	RM	RM
Auditors' remuneration				
- Statutory audit:				
- current financial period/ year	166,000	109,500	127,000	103,000
- under/(over) provision in prior financial year	28,100	(10,900)	23,000	(10,000)
- Other services	353,000	12,000	353,000	12,000
Amortisation of intangible assets	1,503,805	684,197	-	-
Bad debts written off	8,697	495,335	38,419	3,734
Corporate exercise expenses	1,223,787	1,442,223	1,223,787	1,442,223
Deposits written off	-	75,232	-	-
Depreciation of property, plant and equipment	42,255	53,525	23,157	15,325
Directors' fee	288,000	108,000	288,000	108,000
Employee benefits expense (including key management personnel):				
- Contribution to defined contribution plan	143,757	69,049	75,227	51,696
- Salaries, bonus and others	1,362,492	701,881	761,035	491,374

5. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS (continued)

(Loss)/Profit before tax from continuing operations is arrived at after charging/(crediting): (continued)

	Group		Company	
	Period from 1.7.2017 to 31.12.2018 RM	Year ended 30.6.2017 RM	Period from 1.7.2017 to 31.12.2018 RM	Year ended 30.6.2017 RM
Impairment loss on investment in subsidiaries	-	-	3,343,041	-
Reversal of impairment loss on investments in subsidiaries	-	-	(325,350)	(2,616,121)
Impairment loss on amounts due from subsidiaries	-	-	-	285,816
Reversal of impairment loss on amount due from subsidiaries	-	-	(2,988,469)	-
Impairment loss on trade receivables	-	178,906	-	-
Property, plant and equipment written off	22,995	281,788	22,995	-
Rental of office	77,500	58,300	77,500	58,300
Loss/(Gain) on disposal of subsidiaries	-	-	(2,500,000)	-
Loss/(Gain) on foreign currency exchange				
- realised	-	(2,211)	-	-
- unrealised	-	2,212	-	-
Bargain purchase gain on acquisition of a subsidiary	-	(1,243,876)	-	-
Loss on disposal of property, plant and equipment	882,002	2	-	-
Interest income	(19,888)	(21,269)	(19,323)	-
Waiver of debts	-	-	(269,300)	-
Reversal of impairment loss on property, plant and equipment	-	(27,800)	-	-
Reversal of impairment loss on trade receivables	-	(495,355)	-	-

6. DIRECTORS' REMUNERATION

	Group		Company	
	Period from 1.7.2017 to 31.12.2018	**Year ended 30.6.2017**	**Period from 1.7.2017 to 31.12.2018**	**Year ended 30.6.2017**
	RM	**RM**	**RM**	**RM**
Fees	321,000	108,000	288,000	108,000
Other emoluments	277,838	177,329	277,838	177,329
Contribution to defined contribution plan	21,600	14,400	21,600	14,400
Total directors' remuneration	620,438	299,729	587,438	299,729

7. INCOME TAX EXPENSE

	Group		Company	
	Period from 1.7.2017 to 31.12.2018	**Year ended 30.6.2017**	**Period from 1.7.2017 to 31.12.2018**	**Year ended 30.6.2017**
	RM	**RM**	**RM**	**RM**
Continuing operations				
Current tax:				
Income tax				
- Current period/year tax expense	1,639,698	848,134	-	-
- Over provision in prior financial year	-	(5,536)	-	-
	1,639,698	842,598	-	-
Deferred tax:				
Reversal of temporary difference	(61,564)	(27,362)	-	-
Income tax expense attributable to continuing operations	1,578,134	815,236	-	-
Discontinued operations				
Current tax:				
Real property gains tax	-	360,000	-	-
Under provision in prior financial year				
- Income tax	-	55,264	-	-
- Real Property Gains Tax	57,733	-	-	-
Income tax expense attributable to discontinued operation (Note 8)	57,733	415,264	-	-
Income tax expenses recognised in profit or loss	1,635,867	1,230,500	-	-

7. INCOME TAX EXPENSE (continued)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	RM	RM	RM	RM
(Loss)/Profit before tax from continuing operations	(2,935,381)	399,895	910,236	(1,299,069)
Loss before tax from discontinued operations (Note 8)	(7,643,253)	(10,241,708)	-	-
Accounting (loss)/profit before tax	(10,578,634)	(9,841,813)	910,236	(1,299,069)
Tax at the Malaysian statutory income tax rate of 24% (2017: 24%)	(2,538,872)	(2,362,035)	218,457	(311,800)
Tax effect on non-deductible expenses	3,326,299	1,097,636	1,581,860	311,800
Tax effect on non-taxable income	(4,800)	(298,530)	(1,800,317)	-
Tax incentive obtained from increased portion of chargeable income	(147,460)	-	-	-
Deferred tax assets not recognised during the financial period/year	1,423	2,421,701	-	-
Effect of Real Property Gains Tax rate	-	322,000	-	-
Tax effect on disposal of the Lands	941,544	-	-	-
Under provision in prior financial year				
- Income tax	-	49,728	-	-
- Real Property Gains Tax	57,733	-	-	-
Income tax expense	1,635,867	1,230,500	-	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 24%) of the estimated assessable profit for the financial period/year.

8. DISCONTINUED OPERATIONS

On 13 November 2018, the Company entered into a Sale and Purchase Agreement for the disposal of 81,248,198 ordinary shares of RM1.00 each, representing 100% equity interest in Amshore Holdings Sdn. Bhd.("Amshore Holdings"), for a total cash consideration of RM2,500,000. Amshore Holdings is involved in the drinking water business segment of the Group. The disposal was completed on 14 November 2018 and consequently, Amshore Holdings together with its subsidiary, Amshore KL Sdn. Bhd. ceased to be subsidiaries of the Group.

(a) An analysis of the results of disposal of the subsidiaries are as follows:

	Group	
	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	RM	RM
Revenue [1]	3,998,752	4,151,403
Cost of sales [2]	(5,969,530)	(8,124,575)
Gross loss	(1,970,778)	(3,973,172)
Other income	22,697	537,034
Selling and distribution costs	(33,779)	(510,257)
Administrative costs	(936,270)	(881,355)
Other costs	(4,725,123)	(5,413,958)
	(5,695,172)	(6,805,570)
Loss before tax	(7,643,253)	(10,241,708)
Income tax expense (Note 7)	(57,733)	(415,264)
Loss after tax	(7,700,986)	(10,656,972)
Loss on disposal of discontinued operations (Note 11)	(1,402,370)	-
Loss for the financial period/year, net of tax	(9,103,356)	(10,656,972)

During the financial period, Amshore Holdings has appointed TEV Trading Sdn. Bhd. ("TEV") as its sole sales and marketing agent after Amshore Holdings underwent its streamlining exercise in early 2017, whereas Amshore Holdings became the manufacturing arm for the bottled drinking water, while TEV was responsible for the distribution of these products. A director of Amshore Holdings sat on the Board of directors of TEV to ensure that Amshore Holdings' marketing efforts were conducted coherently in the best interests of Amshore Holdings. Hence, TEV is considered a director related party to Amshore Holdings.

(1) Included in revenue are sales and manufacturing service fee charged to TEV of RM1,493,668 and RM2,330,272 respectively.

(2) Includes in cost of sales is an amount of RM986,501 purchase from TEV.

8. DISCONTINUED OPERATIONS (continued)

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

	Group	
	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	RM	RM
Auditors' remuneration		
- Statutory audit:		
- current financial period/year	8,500	68,500
- overprovision in prior financial year	(32,400)	-
- other service	13,500	-
Depreciation of property, plant and equipment	2,538,684	1,972,665
Directors' fee	33,000	-
Employee benefits expense (including key management personnel):		
- Contribution to defined contribution plan	66,294	125,197
- Salaries, bonus and others	349,599	1,226,325
Impairment of plant and equipment	4,634,409	4,621,034
Rental of factory	720,000	466,000
Rental of hostel	8,000	25,600
Loss/(Gain) on foreign currency exchange		
- realised	2,034	15,252
- unrealised	87,762	(60,805)
Gain on disposal of plant and equipment	(20,000)	(460,002)

(c) Cash flows generated (used in)/from discontinued operations:

	Group	
	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	RM	RM
Net cash flows from/(used in) operating activities	49,717	(6,303,990)
Net cash flows (used in)/from investing activities	(37,733)	8,614,489
Net cash flows used in financing activities	(429,311)	(2,284,740)
	(417,327)	25,759

9. LOSS PER SHARE

Basic loss per share and diluted loss per share are calculated based on the following information:

	Group	
	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	RM	RM
Loss attributable to owners of the Company:		
- Continuing operations	(4,261,257)	(978,479)
- Discontinued operations	(8,713,171)	(9,946,664)
	(12,974,428)	(10,925,143)
Weighted average number of ordinary shares for basic loss per share (unit)	795,362,700	657,486,625
Basic loss per ordinary share (sen per share)		
- Continuing operations	(0.53)	(0.15)
- Discontinued operations	(1.10)	(1.51)
	(1.63)	(1.66)

During the current financial period, the diluted loss per share of the Group is equivalent to the basic loss per share as there were no potential dilutive ordinary shares.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Factory buildings	Plant and machineries	Office equipment, furniture and fittings	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2017							
Cost							
At 1 July 2016	-	-	-	55,397,267	1,129,566	516,902	57,043,735
Acquisition of a subsidiary	8,870,800	4,369,200	-	-	-	-	13,240,000
Additions	252,523	124,377	-	3,011,509	6,978	-	3,395,387
Written off	-	-	-	(119,949)	(300,914)	-	(420,863)
At 30 June 2017	9,123,323	4,493,577	-	58,288,827	835,630	516,902	73,258,259

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land RM	Leasehold land RM	Factory buildings RM	Plant and machineries RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Total RM
Group							
2017							
Accumulated Depreciation and Impairment Losses							
At 1 July 2016	-	-	-	42,402,938	777,271	516,902	43,697,111
Charge for the financial year	-	38,200	-	1,934,730	53,260	-	2,026,190
Written off	-	-	-	(43,796)	(95,279)	-	(139,075)
Impairment loss for the financial year	-	-	-	4,621,034	-	-	4,621,034
Reversal of impairment loss for the financial year	-	-	-	(27,800)	-	-	(27,800)
At 30 June 2017	-	38,200	-	48,887,106	735,252	516,902	50,177,460
Analysed as:							
- Accumulated depreciation	-	38,200	-	44,293,872	735,252	516,902	45,584,226
- Accumulated impairment loss	-	-	-	4,593,234	-	-	4,593,234
Net Carrying Amount							
At 30 June 2017	9,123,323	4,455,377	-	9,401,721	100,378	-	23,080,799

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land	Leasehold land	Factory buildings	Plant and machineries	Office equipment, furniture and fittings	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2018							
Cost							
At 1 July 2017	9,123,323	4,493,577	-	58,288,827	835,630	516,902	73,258,259
Additions	-	-	-	-	3,040	-	3,040
Disposals	(9,123,323)	(4,493,577)	-	-	-	(116,000)	(13,732,900)
Written off	-	-	-	-	(46,133)	-	(46,133)
Disposal of subsidiaries	-	-	-	(58,288,827)	(746,191)	(400,902)	(59,435,920)
At 31 December 2018	-	-	-	-	46,346	-	46,346

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land	Leasehold land	Factory buildings	Plant and machineries	Office equipment, furniture and fittings	Motor vehicles	Total
	RM	RM	RM	RM	RM	RM	RM
Group							
2018							
Accumulated Depreciation and Impairment Losses							
At 1 July 2017	-	38,200	-	48,887,106	735,252	516,902	50,177,460
Charge for the financial period	-	19,098	-	2,524,503	35,505	1,833	2,580,939
Disposals	-	(57,298)	-	-	-	(116,000)	(173,298)
Written off	-	-	-	-	(23,138)	-	(23,138)
Impairment loss for the financial period	-	-	-	4,630,711	3,698	-	4,634,409
Disposal of subsidiaries	-	-	-	(56,042,320)	(723,205)	(402,735)	(57,168,260)
At 31 December 2018	-	-	-	-	28,112	-	28,112
Analysed as:							
- Accumulated depreciation	-	-	-	-	28,112	-	28,112
Net Carrying Amount							
At 31 December 2018	-	-	-	-	18,234	-	18,234

10. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and fittings RM	Renovation RM	Office equipment RM	Total RM
Company				
Cost				
At 1 July 2016	21,919	22,353	40,459	84,731
Additions	-	-	4,708	4,708
At 30 June 2017/1 July 2017	21,919	22,353	45,167	89,439
Additions	-	-	3,040	3,040
Written off	(21,460)	(22,353)	(2,320)	(46,133)
At 31 December 2018	459	-	45,887	46,346
Accumulated Depreciation				
At 1 July 2016	591	1,863	10,314	12,768
Charge for the financial year	2,352	5,588	7,385	15,325
At 30 June 2017/1 July 2017	2,943	7,451	17,699	28,093
Charge for the financial period	3,255	8,382	11,520	23,157
Written off	(5,909)	(15,833)	(1,396)	(23,138)
At 31 December 2018	289	-	27,823	28,112
Net Carrying Amount				
At 30 June 2017	18,976	14,902	27,468	61,346
At 31 December 2018	170	-	18,064	18,234

(a) Impairment loss

During the financial period/year, an impairment loss of RM4,634,409 (2017: RM4,621,034) was recognised in profit or loss under other expenses, representing the impairment of certain plant and machineries and office equipment to its recoverable amount. In previous financial year, the recoverable amount of RM9,314,200 was based on cost method by reference to independent valuation carried out by professional valuer.

(b) Leasehold and freehold lands ("the Lands")

In October 2017, pursuant to the satisfaction of the conditions precedent as stated in the Joint Development Agreement ("JDA") entered into between Intra Magnum Sdn. Bhd. ("IMSB"), a subsidiary of the Company and a related company, the Group have derecognised a leasehold land and 2 pieces of its freehold lands ("the Lands"). IMSB is entitled to receive properties from the development project of the said related company amounting to RM12,500,000 and a percentage of the profit from the development project as sales consideration of the Lands.

11. INVESTMENTS IN SUBSIDIARIES

	Company 2018 RM	Company 2017 RM
Unquoted shares, at cost:		
At the beginning of the financial period/year	51,448,203	32,698,203
Addition	51,993,041	18,750,000
Disposal of a subsidiary	(81,248,198)	-
Written off	(2)	-
	22,193,044	51,448,203
Quasi loan	-	48,975,350
	22,193,044	100,423,553
Less: Allowance for impairment losses	(3,443,044)	(81,673,553)
At the end of the financial period/year	18,750,000	18,750,000

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.

Movement in allowance for impairment losses in respect of investment in subsidiaries are as follows:

	Company 2018 RM	Company 2017 RM
At the beginning of the financial period/year	81,673,553	84,289,674
Additions	3,343,041	-
Disposal	(81,248,198)	-
Reversal	(325,350)	(2,616,121)
Written off	(2)	-
At the end of the financial period/year	3,443,044	81,673,553

11. INVESTMENTS IN SUBSIDIARIES (continued)

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 2018	2017
Held By The Company				
Intra Magnum Sdn. Bhd.	Investment holding, management and operation of hotels and resorts, property investment and hotel management	Malaysia	75%	75%
Amshore Holdings Sdn. Bhd.	Processing, manufacturing and selling of drinking water	Malaysia	-	100%
Morning Valley Sdn. Bhd. *	Inactive	Malaysia	100%	100%
Amshore Vista Sdn. Bhd. *	Dormant	Malaysia	100%	100%
Al Maurid Oil & Gas Sdn. Bhd. ^	Dormant	Malaysia	-	100%
Held through Amshore Holdings Sdn. Bhd.				
Amshore KL Sdn. Bhd.	Inactive	Malaysia	-	66%

^ *The Company was struck off during the financial period and deconsolidated during the financial period*

* *The companies are in the midst of striking off as at 31 December 2018. The struck off of Morning Valley Sdn. Bhd. was completed on 28 March 2019.*

11. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Disposal of Amshore Holdings Sdn. Bhd. and its subsidiary, Amshore KL Sdn. Bhd.

On 14 November 2018, the Company completed the disposal of its entire equity interest in Amshore Holdings Sdn. Bhd. and its subsidiary, Amshore KL Sdn. Bhd. for a total cash consideration of RM2,500,000. Consequently, the Company recognised a gain on disposal of RM2,500,000.

(i) Summary of the effects of disposal of Amshore Holdings Sdn. Bhd. and its subsidiary, Amshore KL Sdn. Bhd.

	Group 2018 RM
Recognised:	
Cash consideration received	500,000
Cash consideration receivable	2,000,000
	2,500,000
Derecognised:	
Identifiable net assets as at disposal date:	
Plant and equipment	2,267,660
Inventories	323,346
Receivables	1,983,117
Deposits with a licensed bank *	305,700
Cash and bank balances	12,156
Payables	(2,976,868)
Amounts due to directors	(150,023)
Net assets	1,765,088
Non-controlling interest	2,137,282
Share of net assets disposed	(3,902,370)
Loss on disposal (Note 8)	(1,402,370)

* Deposits with a licensed bank have been pledged to bank for bank guarantee, hence it does not form part of the cash and cash equivalents of subsidiaries disposed.

(ii) Effects of disposal on cash flows:

	Group 2018 RM
Consideration received in cash	500,000
Less: Cash and cash equivalents of subsidiaries disposed	(12,156)
Net cash inflows on disposal	487,844

11. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Non-controlling interests in subsidiaries

The subsidiaries of the Group that have material non-controlling interests ("NCI") is as follows:

	Intra Magnum Sdn. Bhd.	Individually immaterial subsidiary	Total
31.12.2018			
NCI percentage of ownership interest and voting interest	25%		
Carrying amount of NCI (RM)	6,346,963	-	6,346,963
Loss allocated to NCI (RM)	(252,258)	(390,185)	(642,443)
30.6.2017			
NCI percentage of ownership interest and voting interest	25%		
Carrying amount of NCI (RM)	7,161,721	(1,747,097)	5,414,624
Profit/(Loss) allocated to NCI (RM)	497,096	(644,266)	(147,170)

(c) Summarised financial information of material non-controlling interest

The summarised financial information before intra-group elimination of the subsidiary that have material NCI as at the end of each reporting period is as follows:

	As at 31.12.2018 RM	As at 30.6.2017 RM
Intra Magnum Sdn. Bhd.		
Assets and liabilities		
Non-current assets	23,082,553	27,562,289
Current assts	3,609,021	4,224,978
Non-current liabilities	(99,640)	(847,106)
Current liabilities	(2,872,008)	(2,293,279)
Net assets	23,719,926	28,646,882

	Period from 1.7.2017 to 31.12.2018 RM	Year ended 30.6.2017 RM
Results		
Revenue	4,823,430	4,699,072
(Loss)/Profit for the financial period/year	(251,678)	1,988,381
Total comprehensive (loss)/income	(251,678)	1,988,381

11. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Summarised financial information of material non-controlling interest (continued)

The summarised financial information before intra-group elimination of the subsidiary that have material NCI as at the end of each reporting period is as follows: (continued)

	Period from 1.7.2017 to 31.12.2018 RM	Year ended 30.6.2017 RM
Intra Magnum Sdn. Bhd.		
Cash flows from/(used in) operating activities	1,971,374	(5,459,357)
Cash flows used in investing activities	(16,100)	(376,900)
Cash flows used in financing activities	(2,002,579)	-
Net decrease in cash and cash equivalents	(47,305)	(5,836,257)

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

12. INTANGIBLE ASSETS

	Group 2018 RM	2017 RM
Cost		
At 1 July	14,217,329	-
Acquisition of a subsidiary	-	14,217,329
At 31 December/30 June	14,217,329	14,217,329
Accumulated Amortisation		
At 1 July	684,197	-
Amortisation charge for the financial period/year	1,503,805	684,197
At 31 December/30 June	2,188,002	684,197
Net Carrying Amount		
At 31 December/30 June	12,029,327	13,533,132

12. INTANGIBLE ASSETS (continued)

The intangible assets comprise of:

	Group	
	As at 31.12.2018 RM	**As at 30.6.2017 RM**
Hotel management rights	11,951,583	13,423,376
Trademark	77,744	109,756
	12,029,327	13,533,132

13. AMOUNT DUE FROM A RELATED COMPANY

	Group	
	As at 31.12.2018 RM	**As at 30.6.2017 RM**
Non-current		
Non-trade	12,500,000	-
Current		
Non-trade	16,100	-

(a) <u>Non- current</u>

The balance represents the value of project properties entitled by the Group pursuant to the Joint Development Agreement as disclosed in Note 10(b). As the development of these project properties are not expected to be completed within 12 months, the Group have classified this balance as non-current.

(b) <u>Current</u>

This amount is unsecured, interest free, receivable on demand and expected to be settled in cash.

14. TRADE RECEIVABLES

	Group As at 31.12.2018 RM	Group As at 30.6.2017 RM
Non-current		
Retention sum	747,864	450,457
Current		
Trade receivables	3,576,434	6,621,173
Less: Allowance for impairment losses	-	(1,642,820)
Trade receivables, net	3,576,434	4,978,353

Included in the non-current and current trade receivables are amounts of RM747,864 (2017: RM450,457) and RM3,576,434 (2017: RM4,161,665) respectively due from related parties. Further information on related parties are disclosed in Note 25.

(a) Credit terms of trade receivables

Current
The Group's normal credit term is 30 days (2017: ranges from 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.

(b) Ageing analysis of trade receivables

	Group As at 31.12.2018 RM	Group As at 30.6.2017 RM
Neither past due nor impaired	737,517	4,287,012
1 to 90 days past due but not impaired	570,733	682,044
91 to 180 days past due but not impaired	944,613	5,820
181 to 365 days past due but not impaired	1,323,571	3,477
	2,838,917	691,341
Impaired	-	1,642,820
	3,576,434	6,621,173

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.

Receivables that are past due but not impaired
The Group's trade receivables amounting to RM2,838,917 (2017: RM691,341) 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.

14. TRADE RECEIVABLES (continued)

(b) Ageing analysis of trade receivables (continued)

Receivables that are impaired
Movement in allowance accounts:

	Group	
	2018	**2017**
	RM	**RM**
At the beginning of the financial period/year	1,642,820	1,959,249
Charge for the financial period/year (Note 5)	-	178,906
Disposal of subsidiaries	(1,639,434)	-
Written off	(3,386)	(495,335)
At the end of the financial period/year	-	1,642,820

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.

15. INVENTORIES

	Group	
	As at	**As at**
	31.12.2018	**30.6.2017**
	RM	**RM**
At cost,		
Raw materials	-	372,214
Work-in-progress	-	32,222
Finished goods	-	169,293
	-	573,729

During the financial period/year, the cost of inventories recognised as an expense in profit or loss of the Group is RM5,640,109 (2017: RM7,534,661).

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	As at 31.12.2018 RM	As at 30.6.2017 RM	As at 31.12.2018 RM	As at 30.6.2017 RM
Current				
Other receivables	2,000,000	38,257	2,000,000	-
GST refundable	-	252,520	-	-
Deposits	15,031	591,329	15,031	14,931
Prepayments	34,972	62,124	34,492	16,746
	2,050,003	944,230	2,049,523	31,677

Other receivables in the current financial period represents amount receivable arising from the disposal of subsidiaries.

17. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	As at 31.12.2018 RM	As at 30.6.2017 RM
Amounts due from subsidiaries	247,421	3,718,069
Less: Allowance for impairment loss	-	(3,696,122)
	247,421	21,947

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

Movement in allowance accounts:

	Company	
	2018 RM	2017 RM
At the beginning of the financial period/year	3,696,122	3,410,306
Charge for the financial period/year (Note 5)	-	285,816
Written off	(3,696,122)	-
At the end of the financial period/year	-	3,696,122

18. DEPOSITS WITH A LICENSED BANK

The deposits were pledged to licensed banks as security for bank guarantees. In previous financial year, the interest rate and maturities of deposits is at 3.20% per annum and 365 days respectively.

19. SHARE CAPITAL AND SHARE PREMIUM

(a) Share Capital

	Group/Company			
	Number of shares		Amount	
	2018	2017	2018	2017
	Unit	Unit	RM	RM
Issued and fully paid:				
Beginning of financial period/year	795,362,700	498,660,000	42,298,835	24,933,000
Issued during the financial period/ year				
- private placement	-	296,702,700	-	17,365,835
End of financial period/year	795,362,700	795,362,700	42,298,835	42,298,835

Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital.

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.

(b) Share Premium

Share premium comprises the premium paid on subscription of shares in the Company over and also above the par value of the shares.

Movement in share premium account:

	Group/Company	
	2018	2017
	RM	RM
At the beginning of the financial period/year	-	288,339
Share issuance expenses	-	(288,339)
At the end of the financial period/year	-	-

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 period/year are follows:

	Group/ Company	
	2018 Unit	2017 Unit
At the beginning of the financial period/year	-	25,000,000
Expired during the financial period/year	-	(25,000,000)
At the end of the financial period/year	-	-

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 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. DEFERRED TAX LIABILITIES

	Group	
	2018	**2017**
	RM	**RM**
At the beginning of the financial period/year	765,877	-
Acquisition of a subsidiary	-	793,239
Disposal of property, plant and equipment	(177,600)	-
Recognised in profit or loss (Note 7)	(61,564)	(27,362)
At the end of the financial period/year	526,713	765,877

Deferred tax liabilities relate to the following:

	Group	
	As at	**As at**
	31.12.2018	**30.6.2017**
	RM	**RM**
Fair value adjustment in respect of a subsidary acquired	615,639	793,239
Difference between the carrying amount of intangible assets and its tax base	(88,926)	(27,362)
	526,713	765,877

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

	Group	
	As at	**As at**
	31.12.2018	**30.6.2017**
	RM	**RM**
Deductible temporary difference in respect of expenses	-	2,502,001
Unused tax losses	65,485	27,335,682
Unutilised capital allowance	-	17,424,112
Unutilised reinvestment allowance	-	27,923,487
	65,485	75,185,282
At 24% tax rate	15,716	18,044,468

22. TRADE PAYABLES

	Group	
	As at 31.12.2018 RM	As at 30.6.2017 RM
Non-current		
Retention sum	99,640	81,229
Current		
Trade payables	-	1,184,535

Included in non-current and current trade payables of the Group is an amount of RM99,640 (2017: RM206,151) due to a related company.

Current
The normal trade credit term granted to the Group is nil (2017: ranges from 30 to 120 days).

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	As at 31.12.2018 RM	As at 30.6.2017 RM	As at 31.12.2018 RM	As at 30.6.2017 RM
Other payables	4,760,919	6,743,619	4,507,752	4,827,125
GST payable	110,292	233,098	-	-
Accruals	603,336	606,135	314,736	175,595
	5,474,547	7,582,852	4,822,488	5,002,720

Included in other payables of the Group is an amount of RM nil (2017: RM946,319) due to a corporate shareholder of a subsidiary. This amount is unsecured, interest free and with no fixed term of repayment.

Other payables of the Group and Company included loans from third parties amounted to RM3,192,500 (2017: RM4,589,780). These amounts are unsecured, interest free and with no fixed term of repayment.

24. AMOUNTS DUE TO DIRECTORS

The amounts due to directors of a subsidiary were non-trade in nature, unsecured, interest-free, repayable on demand and expected to be settled in cash.

22. TRADE PAYABLES

	Group	
	As at 31.12.2018 RM	As at 30.6.2017 RM
Non-current		
Retention sum	99,640	81,229
Current		
Trade payables	-	1,184,535

Included in non-current and current trade payables of the Group is an amount of RM99,640 (2017: RM206,151) due to a related company.

Current
The normal trade credit term granted to the Group is nil (2017: ranges from 30 to 120 days).

23. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	As at 31.12.2018 RM	As at 30.6.2017 RM	As at 31.12.2018 RM	As at 30.6.2017 RM
Other payables	4,760,919	6,743,619	4,507,752	4,827,125
GST payable	110,292	233,098	-	-
Accruals	603,336	606,135	314,736	175,595
	5,474,547	7,582,852	4,822,488	5,002,720

Included in other payables of the Group is an amount of RM nil (2017: RM946,319) due to a corporate shareholder of a subsidiary. This amount is unsecured, interest free and with no fixed term of repayment.

Other payables of the Group and Company included loans from third parties amounted to RM3,192,500 (2017: RM4,589,780). These amounts are unsecured, interest free and with no fixed term of repayment.

24. AMOUNTS DUE TO DIRECTORS

The amounts due to directors of a subsidiary were non-trade in nature, unsecured, interest-free, repayable on demand and expected to be settled in cash.

25. RELATED PARTY DISCLOSURES

(a) Identity of related parties

For the purpose of these financial statement, 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 related parties relationship with its subsidiaries, related companies, related party, a corporate shareholder of a subsidiary and key management personnel. Related companies refer to subsidiaries of a corporate shareholder of a subsidiary. Related party refers to a company in which a director of a disposed subsidiary has substantial financial interests.

(b) Related party transactions and balances

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 period/year:

	Group	
	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	RM	RM
Management fee charged to related companies	(797,139)	(194,498)
Technical fee charged to related companies	(4,026,291)	(4,504,574)
Development consultant fee charged by a related company	634,702	812,288
Disposal of land to a related company	(12,500,000)	-

	Company	
	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	RM	RM
Dividend income from a subsidiary	(1,687,500)	-
Subscription of ordinary shares in subsidiaries by way of capitalisation of the amounts due from subsidiaries	51,993,041	-
Waiver of amount due to a subsidiary	(269,300)	-
Waiver of amounts due from subsidiaries	32,419	-

Information regarding outstanding balances arising from related party transactions as at the reporting date is disclosed in Notes 13, 14, 17, 22, 23 and 24.

25. RELATED PARTY DISCLOSURES (continued)

(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	
	Period from 1.7.2017 to 31.12.2018 RM	Year ended 30.6.2017 RM	Period from 1.7.2017 to 31.12.2018 RM	Year ended 30.6.2017 RM
Short-term employee benefits	968,176	531,158	935,176	531,158
Post-employment benefits	64,800	43,200	64,800	43,200
	1,032,976	574,358	999,976	574,358

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		
31.12.2018		
Financial assets		
Trade receivables	4,324,298	4,324,298
Other receivables and deposits	2,015,031	2,015,031
Amount due from a related company ^	16,100	16,100
Cash and bank balances	124,938	124,938
	6,480,367	6,480,367

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Trade payable	99,640	99,640
Other payables and accruals #	5,364,255	5,364,255
	5,463,895	5,463,895

26. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

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: (continued)

	Loans and receivables RM	Total RM
Group		
30.6.2017		
Financial assets		
Trade receivables	5,428,810	5,428,810
Other receivables and deposits *	629,586	629,586
Deposits with a licensed bank	305,700	305,700
Cash and bank balances	2,083,242	2,083,242
	8,447,338	8,447,338

	Financial liabilities at amortised cost RM	Total RM
Financial liabilities		
Trade payables	1,265,764	1,265,764
Other payables and accruals #	7,349,754	7,349,754
Amounts due to directors	389,026	389,026
	9,004,544	9,004,544

	Loans and receivables RM	Total RM
Company		
31.12.2018		
Financial assets		
Other receivables and deposits *	2,015,031	2,015,031
Amount due from a subsidiary	247,421	247,421
Cash and bank balances	108,931	108,931
	2,371,383	2,371,383

	Financial liabilities at amortised cost RM	Total RM
Financial liability		
Other payables and accruals #	4,822,488	4,822,488

26. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

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: (continued)

	Loans and receivables RM	Total RM
Company		
30.6.2017		
Financial assets		
Other receivables and deposits *	14,931	14,931
Amount due from subsidiaries	21,947	21,947
Cash and bank balances	1,579,135	1,579,135
	1,616,013	1,616,013

	Financial liabilities at amortised cost RM	Total RM
Financial liability		
Other payables and accruals #	5,002,720	5,002,720

^ *Exclude RM12.5 million properties receivable from a related company*

* *Exclude GST refundable*

Exclude GST payable

(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, amounts due from a related company and subsidiaries, trade and other payables

The carrying amounts are reasonable approximation of fair values due to short term nature of these financial instruments. The carrying amounts of the non-current trade receivables and trade payables are reasonable approximation of fair value due to the insignificant impact of discounting.

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 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.

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.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities
The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

	Carrying amount RM	Contractual cash flows RM	On demand and within 1 year RM	1 to 2 years RM
31.12.2018				
Financial Liabilities:				
Group				
Trade payable	99,640	99,640	-	99,640
Other payables and accruals	5,364,255	5,364,255	5,364,255	-
	5,463,895	5,463,895	5,364,255	99,640
Company				
Other payables and accruals	4,822,488	4,822,488	4,822,488	-
30.6.2017				
Financial Liabilities:				
Group				
Trade payables	1,265,764	1,265,764	1,184,535	81,229
Other payables and accruals	7,349,754	7,349,754	7,349,754	-
Amounts due to directors	389,026	389,026	389,026	-
	9,004,544	9,004,544	8,923,315	81,229
Company				
Other payables and accruals	5,002,720	5,002,720	5,002,720	-

(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 (continued)

(c) Foreign currency risk (continued)

Financial assets denominated in SGD are as follows:

	Group	
	As at 31.12.2018	**As at 30.6.2017**
	RM	**RM**
SGD		
Trade receivables	-	1,794,642
Cash and bank balances	-	2,881
	-	1,797,523

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	
	As at 31.12.2018	**As at 30.6.2017**
	RM	**RM**
SGD/RM - strengthened 5% (2017: 5%)	-	68,340
SGD/RM - weakened 5% (2017: 5%)	-	(68,340)

28. OPERATING LEASE COMMITMENTS

As at 30 June 2017, the Group and the Company entered into non-cancellable operating lease arrangements for rental of factory and rental of office. The leases had tenures ranging from two to three years. There is non-restriction placed upon the Group and the Company entering into this lease.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group		Company	
	As at 31.12.2018	**As at 30.6.2017**	**As at 31.12.2018**	**As at 30.6.2017**
	RM	**RM**	**RM**	**RM**
Group				
Future minimum rental payable:				
Not later than one year	-	559,000	-	19,000
More than one year and not later than five years	-	495,000	-	-
	-	1,054,000	-	19,000

29. 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 period/year ended 31 December 2018 and 30 June 2017.

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.

30. 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

Hospitality business

Management and operation of hotels and resorts, property investment and hotel development.

	Hospitality business RM	Others RM	Discontinued operation * RM	Elimination RM	Total RM
Period from 1.7.2017 to 31.12.2018					
Revenue	4,823,430	1,687,500	3,998,752	(1,687,500)	8,822,182
Net loss/(profit) after tax	(251,678)	919,614	(9,103,356)	(5,181,451)	(13,616,871)
Year ended 30.6.2017					
Revenue	4,699,072	255,448	4,151,403	-	9,105,923
Net profit/(loss) after tax	2,075,026	(1,323,808)	(10,656,972)	(1,166,559)	(11,072,313)

* Discontinued operations are in relation to the bottled water business segment.

30. SEGMENT INFORMATION (continued)

(b) Other segments

No other segmental information such as geographical segment, segment assets, segment liabilities and segment results are presented as the Group is principally involved in the manufacturing industry, investment holding and hotel management operate 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:

	Period from 1.7.2017 to 31.12.2018	Year ended 30.6.2017
	RM	RM
Major customers		
- Customer A	2,734,295	3,489,215
- Customer B	-	1,015,359
- Customer C	3,823,940	-

31. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD

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

(a) Acquisitions of the following for a total purchase consideration of RM425,900,000:
- i. Acquisition of 100% equity interest in Impiana Hotels & Resorts Management Sdn. Bhd.;
- ii. Acquisition of 100% equity interest in Impiana Pangkor Sdn. Bhd.;
- iii. Acquisition of 100% equity interest in Astaka Mekar Sdn. Bhd.;
- iv. Acquisition of the remaining 25% equity interest in Intra Magnum Sdn. Bhd.;
- v. Acquisition of 100% equity interest in Impiana Cherating Sdn. Bhd.; and
- vi. Acquisition of the assets and liabilities of Impiana Hotel Ipoh Sdn. Bhd. by Intra Magnum Sdn. Bhd., a subsidiary of the Company.

(b) Private placement of up to 2,000,000,000 new ordinary shares in the Company;

Consequently, Impiana Hotels & Resorts Management Sdn. Bhd., Impiana Pangkor Sdn. Bhd., Astaka Mekar Sdn. Bhd., Intra Magnum Sdn. Bhd. and Impiana Cherating Sdn. Bhd. become wholly-owned subsidiaries of the Company. The Group is currently assessing the financial effects of these acquisitions.

32. COMPARATIVE FIGURES

The comparative figures of the preceding financial year covered a period of 12 months from 1 July 2016 to 30 June 2017 whilst the figures of the current financial period's financial statements covered a period of 18 months from 1 July 2017 to 31 December 2018. 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.

STATEMENT BY DIRECTORS
(Pursuant to Section 251(2) of the Companies Act 2016)

We, **SHAHRIZAL HISHAM BIN DATO' SETIA ABDUL HALIM** and **PROF. DR. MOHD AMY AZHAR BIN HAJI MOHD HARIF**, being two of the directors of IMPIANA HOTELS BERHAD (formerly known as BIO OSMO BERHAD), do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 62 to 127 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the financial period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

……………………………………….
SHAHRIZAL HISHAM BIN DATO'
SETIA ABDUL HALIM
Director

……………………………………….
PROF. DR. MOHD AMY AZHAR
BIN HAJI MOHD HARIF
Director

Kuala Lumpur

Date: 23 April 2019

STATUTORY DECLARATION
(PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016)

I, **CHANG HOW WENG**, being the officer primarily responsible for the financial management of IMPIANA HOTELS BERHAD (formerly known as BIO OSMO BERHAD), do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 62 to 127 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.

…………………………………………
CHANG HOW WENG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23 April 2019.

Before me,

………………………………………..
HADINUR MOHD SYARIF (W 761)
Commissioner for Oaths

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IMPIANA HOTELS BERHAD
(FORMERLY KNOWN AS BIO OSMO BERHAD)
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Impiana Hotels Berhad (formerly known as Bio Osmo Berhad), which comprise the statements of financial position as at 31 December 2018 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 127.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial period then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws* (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Property, plant and equipment (Note 2(e) and Note 10(b) to the financial statements)

As disclosed in Note 2(e) and Note 10(b) to the financial statements, the Group have derecognised a leasehold land and 2 pieces of its freehold lands ("the Lands") amounting to RM13,559,602 pursuant to the satisfaction of the condition precedent as stated in the Joint Development Agreement. We focus on this area because judgement and estimate are required by the directors in determining the basis on the derecognition of the Lands, the amount of consideration receivable and estimating its related tax liabilities.

Our response:

Our audit procedures included, among others,

- reading and understanding the salient terms of the Joint Development Agreement;
- inquiring with management on the basis of derecognition of the Lands; and
- checking the computation on the derecognition of the Lands.

Company

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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 PLT	Andrew Choong Tuck Kuan
LLP0019411-LCA & AF 0117	No. 03264/04/2021 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur

Date: 23 April 2019

Hotels Berhad

(formerly known as Bio Osmo Berhad)
(740838-A)

Impiana Private Villas Kata Noi
Phuket, Thailand

1. MATERIAL CONTRACT

There were no material contracts by the Company and its subsidiaries involving Directors' and substantial shareholders' interest as at 31 December 2018.

2. UTILISATION OF PROCEEDS

In the previous financial year 2017, the Company issued a total of 72,305,700 new ordinary shares at an issue price of RM0.085 each in the share capital of the Company ("Private Placement"). The Private Placement had raised gross proceeds of approximately RM6.146 million. The remaining RM1.58 million brought forward from financial year 2017 had been fully utilised during financial period ended 2018.

3. RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OT TRADING NATURE ("RRPT")

The RRPTs of the Group have been entered into in the normal course of business. A breakdown of the aggregate value of the RRPTs made during the financial period are set out below:

Nature of RRPT with Impiana Hotels Group	Name of Related Party(ies)	Relationship of Related Party(ies) with Impiana Hotels Group	Actual value of RRPT as at 31 December 2018 (RM'000)
To manage and operate Impiana Hotel Ipoh Sdn Bhd	Impiana Hotel Ipoh Sdn Bhd	Company connected to major shareholders of Impiana Hotels Berhad	797
To provide consultancy services on the development of Phases 1A, 1B and 2 of Impiana Resort & Residences Cherating	Impiana Cherating Sdn Bhd	Company connected to major shareholders of Impiana Hotels Berhad	3,137
To provide consultancy services on the development of Impiana Tioman Hotel & Resort	Impiana Tioman Sdn Bhd	Company connected to major shareholders of Impiana Hotels Berhad	261
To undertake pre-development consultation for Impiana Pangkor Resort	Impiana Pangkor Sdn Bhd	Company connected to major shareholders of Impiana Hotels Berhad	300
To provide consultancy services on the development of Impiana Private Villas & Resorts Ubud, Bali	Impiana Ubud (Labuan) Co. Ltd	Company connected to major shareholders of Impiana Hotels Berhad	230
To provide consultancy services on the development of Impiana Private Villas Seminyak	Impiana Seminyak (Labuan) Co. Ltd	Company connected to major shareholders of Impiana Hotels Berhad	98

4. CORPORATE SOCIAL RESPONSIBILITIES

Further information of the Company's initiatives towards Corporate Social Responsibility is outlined in the "Sustainability Report" of this Annual Report.

This Statement has been reviewed and approved by the Board of Directors on 23 April 2019.

ANALYSIS OF SHAREHOLDINGS
AS AT 16 APRIL 2019

Number of Shares Issued : 5,595,362,700
Voting rights : One vote for one ordinary share
No. of Shareholders : 3,007

Distribution of shareholdings

CATEGORY	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	10	0.33	471	0.00
100 - 1,000	284	9.44	214,012	0.00
1,001 - 10,000	656	21.82	3,979,800	0.07
10,001 - 100,000	1,296	43.10	65,223,200	1.17
100,001 to less than 5% of issued shares	759	25.24	1,749,950,517	31.28
5% and above of issued shares	2	0.07	3,775,994,700	67.48
TOTAL	**3,007**	**100.00**	**5,595,362,700**	**100.00**

Thirty (30) Largest Shareholders

NOS.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	Impiana Sdn Bhd	2,977,906,520	53.22
2	Dato' Seri Ismail @ Farouk bin Abdullah	798,088,180	14.26
3	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Loh Yim Quin (M&A)	267,750,000	4.79
4	RHB Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Dato' Seri Ismail @ Farouk bin Abdullah – (PSA)	155,985,000	2.79
5	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Wealthmax Assets (M&A)	112,500,000	2.01
6	Al Maurid Resources Sdn Bhd	100,000,000	1.79
7	Khoo Boo Lye	100,000,000	1.79
8	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Lai Mooi Peng (M&A)	92,000,000	1.64
9	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Yong Yew Sun (M&A)	92,000,000	1.64
10	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Lai Poh Mei (M&A)	92,000,000	1.64
11	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Lee Guat Bee (M&A)	65,000,000	1.16

ANALYSIS OF SHAREHOLDINGS (con't)
AS AT 16 APRIL 2019

NOS.	NAME OF SHAREHOLDER	NO. OF SHARES	%
12	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Chow Dai Ying (M&A)	50,000,000	0.89
13	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Genting Utama Sdn Bhd (M&A)	25,000,000	0.45
14	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Tham Wooi Loon (M&A)	25,000,000	0.45
15	Dato' Yahya bin A. Jalil	24,000,000	0.43
16	Koh Pee Seng	17,470,000	0.31
17	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Yeen Yoon Hin (M&A)	12,500,000	0.22
18	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Wong Sin Chin (M&A)	12,500,000	0.22
19	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	12,450,000	0.22
20	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd Ling Yoon Yung	12,200,000	0.22
21	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Ann Gee	8,555,700	0.15
22	Lee Lai Yeng	8,000,000	0.14
23	M & A Nominee (Tempatan) Sdn Bhd Pledged Securities Account Majestic Salute Sdn Bhd for Kok Yew Fatt (M&A)	8,000,000	0.14
24	Affin Hwang Nominees (Tempatan) Sdn Bhd Exempt an for DBS Vickers Securities (Singapore) Pte Ltd (Clients)	7,527,800	0.13
25	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kean Tet (E-BMM/SAT)	7,000,000	0.13
26	Tan Cheong Inn	6,420,000	0.11
27	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khairil Annuar bin Mohd Said	6,066,700	0.11
28	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Pooi Ling (LEE4962C)	6,000,000	0.11
29	Loh Kin Heng	6,000,000	0.11
30	Lee Boon Leng (Li WenLong)	5,800,000	0.10

	SUBSTANTIAL SHAREHOLDERS	SHAREHOLDINGS			
		Direct Interest	%	Deemed interest	%
1	Dato' Seri Ismail @ Farouk bin Abdullah	954,073,180	17.05	2,977,906,520[(a)]	53.22
2	Impiana Sdn Bhd	2,977,906,520	53.22	-	-

	DIRECTORS' SHAREHOLDINGS	SHAREHOLDINGS			
		Direct Interest	%	Deemed Interest	%
1	Dato' Seri Ismail @ Farouk bin Abdullah[(c)]	954,073,180	17.05	2,977,906,520[(a)]	53.22
2	Shahrizal Hisham bin Abdul Halim	-	-	100,000,000[(b)]	1.79
3	Azrin Mirzhan bin Kamaluddin[(d)]	-	-	-	-
4	Wong Kok Seong	10,000	0.00	-	-
5	Prof Dr Mohd Amy Azhar bin Haji Mohd Harif	-	-	-	-
6	Dato' Yahya bin A. Jalil[(d)]	24,000,000	0.43	-	-
7	Datuk Haji Mohammad Kamal bin Yan Yahaya[(d)]	-	-	-	-
8	Dyana Sofya binti Mohd Daud[(e)]	-	-	-	-

Note :

(a) Deemed interested by virtue of his interests in Impiana Sdn Bhd.
(b) Deemed interested by virtue of his interests in Al Maurid Resources Sdn Bhd.
(c) Appointed as Director on 18 April 2019.
(d) Appointed as Director on 24 October 2017.
(e) Appointed as Director on 30 May 2018.

IMPIANA HOTELS BERHAD (formerly known as Bio Osmo Berhad)

NOTICE IS HEREBY GIVEN THAT the Eleventh (11th) Annual General Meeting ("AGM") of Impiana Hotels Berhad (formerly known as Bio Osmo Berhad) will be held at Impiana Banquet Hall, Level 2, Impiana KLCC Hotel, 13, Jalan Pinang, 50450 Kuala Lumpur on Tuesday, 18 June 2019 at 10.00 a.m. for the following purposes:

A G E N D A

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial period from 1 July 2017 until 31 December 2018 together with the Reports of the Directors and Auditors thereon.	**(Please refer to Explanatory Note A)**
2.	To approve the payment of Directors' Fees for the financial period from 1 July 2017 until 31 December 2018.	**RESOLUTION 1**
3.	To approve the payment of total Directors' Benefit up to an amount of RM70,000 for the period from 18 June 2019 until the following AGM of the Company.	**RESOLUTION 2**
4.	To re-elect the following Directors, who retire in accordance with Article 127 of the Company's Constitution and being eligible, have offered themselves for re-election:	
	(i) Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif	**RESOLUTION 3**
	(ii) En Azrin Mirzhan bin Kamaluddin	**RESOLUTION 4**
5.	To re-elect the following Directors, who retire in accordance with Article 132 of the Company's Constitution and being eligible, have offered themselves for re-election:	
	(i) Pn Dyana Sofya binti Mohd Daud	**RESOLUTION 5**
	(ii) Dato' Seri Ismail @ Farouk bin Abdullah	**RESOLUTION 6**
6.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**RESOLUTION 7**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:

7. **ORDINARY RESOLUTION - AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES** — **RESOLUTION 8**

   "THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance."

8. **ORDINARY RESOLUTION - CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR** — **RESOLUTION 9**

   "THAT approval be and is hereby given to Mr Wong Kok Seong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

9. **ORDINARY RESOLUTION - PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

RESOLUTION 10

"THAT approval be hereby given to the Company and/or its subsidiaries ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Sections 2.3 and 2.4 of Part A of the Circular to Shareholders dated 30 April 2019, provided that:

(a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;

(b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;

(c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and

(d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
   (i) the related transacting parties and their respective relationship with the Company; and
   (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

(a) the conclusion of the next AGM, unless the authority is renewed by a resolution passed at the next AGM; or

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

10. **SPECIAL RESOLUTION - PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY**

RESOLUTION 11

"THAT approval be and is hereby given to revoke the existing Constitution (previously referred to as the Memorandum and Articles of Association) of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company, as set out in Appendix I of the Circular to Shareholders dated 30 April 2019, be adopted as the Constitution of the Company AND THAT the Directors of the Company be authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

11. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD
SIEW SUET WEI (MAICSA 7011254)
TEE SIEW LEE (LS0009570)
LIM YEN TENG (LS0010182)
Company Secretaries

Kuala Lumpur
Date: 30 April 2019

NOTES: -

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 June 2019 (General Meeting Record of Depositors) shall be eligible to attend the 11th AGM.

2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where two (2) proxies are appointed, a member shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of 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.

3. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 11th AGM shall have the same rights as the member to participate, speak and vote at the meeting

4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 11th AGM will be put to vote by poll.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

7. The instrument appointing a proxy must be deposited at the Company's Registered Office at 21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTE A

This Agenda item is meant for discussion only as under the provisions of Section 340(1) of the Companies Act 2016, the audited financial statements do not require the approval of the shareholders. As such, this matter will not be put forward for voting.

EXPLANATORY NOTES TO SPECIAL BUSINESS

1. **Resolution 8**

   The proposed Ordinary Resolution 8, if passed, is primarily to give flexibility to the Board of Directors to issue and allot new shares at any time in their absolute discretion without convening a general meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

Pursuant to the approval being obtained from its shareholders at the Extraordinary General Meeting held on 21 February 2019 and upon the completion of the Proposed Acquisitions, the Company had on 9 April 2019 issued 4,800,000,000 new Ordinary Shares and 3,200,000,000 Irredeemable Convertible Preference Shares ("ICPS") as purchase consideration for the Proposed Acquisitions.

2. **Resolution 9**

   Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than 9 years.

   The Nomination Committee and the Board of Directors had assessed the independence of Mr Wong Kok Seong and concluded that the Director continues to provide proper check and balance to the Board and therefore, also brings an element of objectivity to the Board of Directors. Therefore, the Nomination Committee is satisfied and proposed that Mr Wong Kok Seong be retained to continue as an Independent Director.

   The proposed Ordinary Resolution 9, if passed, will enable Mr Wong Kok Seong to continue to act as an Independent Non-Executive Director of the Company.

3. **Resolution 10**

   For further information on the proposed Ordinary Resolution 10, please refer to Part A of the Circular to Shareholders dated 30 April 2019 which is despatched together with Annual Report 2018.

4. **Resolution 11**

   The proposed adoption of new Constitution (formerly known as the Memorandum and Articles of Association) of the Company is primarily for the purposes of streamlining the Company's existing M&A to be aligned with the Companies Act 2016 which was implemented with effect from 31 January 2017 and the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements and the prevailing statutory and regulatory requirement applicable to the Company.

   In view of the numerous amendments which would entail substantial amendments to the existing Memorandum and Articles of Association, the Board had proposed that a new Constitution be adopted. Please refer to Part B of the Circular to Shareholders dated 30 April 2019 which is despatched together with Annual Report 2018 for further information. The proposed adoption shall take effect immediately once Special Resolution is passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 11th AGM.

STATEMENT ACCOMPANYING NOTICE OF 11TH ANNUAL GENERAL MEETING
(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There are no individuals who are standing for election as directors (excluding directors standing for a re-election).

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

FORM OF PROXY

No. of shares held		
CDS Account No.		
No. of shares to be represented by each proxy	Proxy 1	Proxy 2

I/We ____ of ________________________
____ being a member/members of IMPIANA HOTELS BERHAD (formerly known as Bio Osmo Berhad), hereby appoint:
(1) Mr/Ms ____ NRIC No. ________________) OR
failing whom, Mr/Ms ____________________________________ (NRIC No. ________________)
(the next name should be completed where it is desired to appoint two proxies)
*(2) Mr/Ms ____ (NRIC No. ________________)
failing whom, Mr/Ms ____________________________________ (NRIC No. ________________) OR
the CHAIRMAN OF THE MEETING, as *my/our proxy, to vote for *me/us and on *my/our behalf at the 11th Annual General Meeting of the Company to be held at Impiana Banquet Hall, Level 2, Impiana KLCC Hotel, 13, Jalan Pinang, 50450 Kuala Lumpur on Tuesday, 18 June 2019 at 10.00 a.m. and, at every adjournment thereof *for/against the resolutions to be proposed thereat.

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.

		For	Against
RESOLUTION 1	To approve the payment of Directors' Fees for the financial period from 1 July 2017 until 31 December 2018		
RESOLUTION 2	To approve the payment of total Directors' Benefit up to an amount of RM70,000 for the period from 18 June 2019 until the following AGM of the Company		
RESOLUTION 3	To re-elect Prof. Dr Mohd Amy Azhar bin Haji Mohd Harif who retires in accordance with Article 127 of the Company's Constitution		
RESOLUTION 4	To re-elect En Azrin Mirzhan bin Kamaluddin who retires in accordance with Article 127 of the Company's Constitution		
RESOLUTION 5	To re-elect Pn Dyana Sofya binti Mohd Daud who retires in accordance with Article 132 of the Company's Constitution		
RESOLUTION 6	To re-elect Dato' Seri Ismail @ Farouk Bin Abdullah who retires in accordance with Article 132 of the Company's Constitution		
RESOLUTION 7	To re-appoint Messrs Baker Tilly Monteiro Heng PLT (LLP0019411-LCA & AF0117) as Auditors of the Company and to authorise the Directors to fix their remuneration		
RESOLUTION 8	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares		
RESOLUTION 9	To approve Mr Wong Kok Seong to continue in office as an Independent Non-Executive Director		
RESOLUTION 10	Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
RESOLUTION 11	Proposed Adoption of New Constitution of the Company		

Dated this __________ day of __________ 2019

____
Signature(s)/Common Seal of Member

NOTES: -

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 June 2019 (General Meeting Record of Depositors) shall be eligible to attend the 11th AGM.
2. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting and where two (2) proxies are appointed, a member shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid provided that where a member of the Company is an authorised nominee as defined in accordance with the provisions of 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.
3. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the 10th AGM shall have the same rights as the member to participate, speak and vote at the meeting
4. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 10th AGM will be put to vote by poll.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney or if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly appointed under a Power of Attorney.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
7. The instrument appointing a proxy must be deposited at the Company's Registered Office at 21st Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY
IMPIANA HOTELS BERHAD (740838-A)
(formerly known as Bio Osmo Berhad)
21st Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur

2ND FOLD HERE

1ST FOLD HERE

CORPORATE OFFICE

21st Floor, Menara KH
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : +603 2141 6233
Fax : +603 2142 2295

impiana.com