

ECM LIBRA GROUP BERHAD (Company No. 200501031433) (713570-K)
(formerly known as ECM Libra Financial Group Berhad)
Condensed Interim Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position as at 31 December 2019

| | Note | 31-Dec-19 RM'000 (Unaudited) | 31-Dec-18 RM'000 (Audited) |
|--|------|------------------------------------|----------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | 9 | 55,988 | 13,781 |
| Financial assets at fair value through profit or loss | 10 | 20,958 | - |
| Financial assets at fair value through other comprehensive income | 11 | 20,423 | 21,353 |
| Tax recoverable | | 87 | 596 |
| Trade and other receivables | 12 | 25,852 | 5,483 |
| Inventories | | 13 | 74 |
| Loans, advances and financing | 13 | 5,738 | 57,903 |
| Investment in joint ventures | | 65,762 | 67,537 |
| Right-of-use assets | | 446 | - |
| Property, plant and equipment | 14 | 32,688 | 24,744 |
| TOTAL ASSETS | | 227,955 | 191,471 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| Tax payable | | 49 | 123 |
| Deferred tax liabilities | | 22 | 109 |
| Trade and other payables | | 5,875 | 7,163 |
| Loans and borrowings | 15 | 19,484 | 9,941 |
| TOTAL LIABILITIES | | 25,430 | 17,336 |
| EQUITY | | | |
| Share capital | | 107,546 | 107,546 |
| Retained earnings | | 97,812 | 64,690 |
| Reserves | | (2,833) | 1,899 |
| TOTAL EQUITY | | 202,525 | 174,135 |
| TOTAL LIABILITIES AND EQUITY | | 227,955 | 191,471 |
| Net assets per share (RM) | | 0.42 | 0.36 |

The above unaudited condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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Unaudited Condensed Consolidated Statements of Profit or Loss
for the fourth quarter and year ended 31 December 2019

| | Note | Quarter Ended | | Year Ended | |
|---|------|---------------------|---------------------|---------------------|---------------------|
| | | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 |
| Continuing operations | | | | | |
| Revenue | 16 | 3,243 | 3,130 | 11,743 | 7,144 |
| Other income | 17 | 813 | 65 | 1,027 | 557 |
| | | 4,056 | 3,195 | 12,770 | 7,701 |
| Operating expenses | 18 | (4,581) | (4,195) | (15,561) | (8,346) |
| Operating loss | | (525) | (1,000) | (2,791) | (645) |
| Interest expense | | (328) | (160) | (1,017) | (160) |
| Share of (loss)/profit of equity- accounted joint ventures | | (1,708) | 35 | (1,212) | 1,545 |
| (Loss)/profit before tax | | (2,561) | (1,125) | (5,020) | 740 |
| Income tax expense | 19 | (48) | (287) | (195) | (734) |
| (Loss)/profit from continuing operations | | (2,609) | (1,412) | (5,215) | 6 |
| Discontinued operation | | | | | |
| Profit from disposal of a subsidiary, net of tax | 20 | - | 726 | 35,549 | 1,691 |
| Profit from discontinued operation, net of tax | 21 | - | - | - | 3,439 |
| Profit from discontinued operation, net of tax | | - | 726 | 35,549 | 5,130 |
| (Loss)/profit for the period/year attributable to owners of the Company | | (2,609) | (686) | 30,334 | 5,136 |
| | | Sen | Sen | Sen | Sen |
| Basic earnings/(loss) per ordinary share: | | | | | |
| - from continuing operations | 37 | (0.54) | (0.29) | (1.09) | - |
| - from discontinued operation | 37 | - | 0.15 | 7.41 | 1.30 |
| | | (0.54) | (0.14) | 6.32 | 1.30 |

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

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Unaudited Condensed Consolidated Statements of Comprehensive Income
for the fourth quarter and year ended 31 December 2019

| | Quarter Ended | | Year Ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 |
| (Loss)/profit for the period/year | (2,609) | (686) | 30,334 | 5,136 |
| Other comprehensive income/(loss): | | | | |
| Items that will not be subsequently reclassified to profit or loss: | | | | |
| Fair value changes on financial assets | (994) | (375) | (1,381) | (247) |
| Items that may be subsequently reclassified to profit or loss: | | | | |
| Exchange differences on translating investment in foreign assets | 435 | (653) | (563) | (447) |
| Other comprehensive loss for the period/year | (559) | (1,028) | (1,944) | (694) |
| Total comprehensive (loss)/income attributable to owners of the Company | (3,168) | (1,714) | 28,390 | 4,442 |

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

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Unaudited Condensed Consolidated Statements of Changes in Equity for the year ended 31 December 2019

| | <-----Non-distributable-----> | | | Distributable | | |
|--|-------------------------------|------------------------------------|---|--------------------|----------------------|----------------|
| | Share capital | Foreign currency translation | Fair value changes through other comprehensive income | General reserve | Retained earnings | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2019 | 107,546 | (447) | (442) | 2,788 | 64,690 | 174,135 |
| Profit for the year | - | - | - | - | 30,334 | 30,334 |
| Other comprehensive loss for the year | - | (563) | (1,381) | - | - | (1,944) |
| Total comprehensive (loss)/income for the year | - | (563) | (1,381) | - | 30,334 | 28,390 |
| Transfer of reserves * | - | - | - | (2,788) | 2,788 | - |
| At 31 December 2019 | 107,546 | (1,010) | (1,823) | - | 97,812 | 202,525 |

* This relates to general reserve on the Company's Employees' Share Option Scheme which has expired.

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Unaudited Condensed Consolidated Statements of Changes in Equity for the year ended 31 December 2019 (cont'd.)

| | <-----Non-distributable-----> | | | Distributable | | |
|--|-------------------------------|------------------------------------|---|--------------------|----------------------|----------|
| | Share capital | Foreign currency translation | Fair value changes through other comprehensive income | General reserve | Retained earnings | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2018 | 37,946 | - | (195) | 2,788 | 105,323 | 145,862 |
| Profit for the year | - | - | - | - | 5,136 | 5,136 |
| Other comprehensive loss for the year | - | (447) | (247) | - | - | (694) |
| Total comprehensive (loss)/income for the year | - | (447) | (247) | - | 5,136 | 4,442 |
| Transaction with owners: | | | | | | |
| Issuance of shares during the year | 69,600 | - | - | - | - | 69,600 |
| Dividend paid during the year | - | - | - | - | (45,769) | (45,769) |
| | 69,600 | - | - | - | (45,769) | 23,831 |
| At 31 December 2018 | 107,546 | (447) | (442) | 2,788 | 64,690 | 174,135 |

The above unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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Unaudited Condensed Consolidated Statements of Cash Flows
for the year ended 31 December 2019

| | Note | Year Ended | |
|--|--------|---------------------|---------------------|
| | | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 |
| Cash flows from operating activities | | | |
| Profit/(loss) before tax: | | | |
| - from continuing operations | | (5,020) | 740 |
| - from discontinued operation | 20, 21 | 35,647 | 5,504 |
| | | <u>30,627</u> | <u>6,244</u> |
| Adjustments to reconcile profit before tax to net cash flows | | (36,420) | (9,914) |
| | | <u>(5,793)</u> | <u>(3,670)</u> |
| Decrease in operating assets | | 26,905 | 2,303 |
| Increase in operating liabilities | | 13,543 | 2,027 |
| | | <u>34,655</u> | <u>660</u> |
| Interest received | | 3,694 | 4,430 |
| Interest paid | | (901) | (219) |
| Tax refunded | | 449 | 1 |
| Tax paid | | (472) | (1,298) |
| Net cash generated from operating activities | | <u>37,425</u> | <u>3,574</u> |
| Cash flows from investing activities | | | |
| Investment in joint ventures | | - | (8,044) |
| Net (acquisition)/disposal of financial assets | | (20,251) | 16,637 |
| Proceeds from disposal of property, plant and equipment | | - | 261 |
| Purchase of property, plant and equipment | | (9,306) | (11,582) |
| Disposal of discontinued operation: | | | |
| - Proceeds from disposal of a subsidiary | 20 | 25,548 | - |
| - Proceeds from disposal of property, plant and equipment | 21 | - | 28,000 |
| Net cash (used in)/generated from investing activities | | <u>(4,009)</u> | <u>25,272</u> |
| Cash flows from financing activities | | | |
| Dividend paid | | - | (45,769) |
| Drawdown of loans and borrowings | | 9,000 | 10,000 |
| Payment of lease liabilities | | (204) | - |
| Net cash generated from/(used in) financing activities | | <u>8,796</u> | <u>(35,769)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 42,212 | (6,923) |
| Effects of foreign exchange rate changes | | (5) | (121) |
| Cash and cash equivalents at beginning of the year | | 13,781 | 20,825 |
| Cash and cash equivalents at end of the year | | 55,988 | 13,781 |

The above unaudited condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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Part A: Explanatory notes pursuant to Malaysian Financial Reporting Standard ("MFRS") 134

1 Basis of preparation

These unaudited condensed consolidated interim financial statements ("Condensed Report") have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), Chapter 9, Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act, 2016 in Malaysia, where applicable. This Condensed Report, other than for financial assets, has been prepared under the historical cost convention. Financial assets are carried at fair value in accordance to MFRS 9 *Financial Instruments*.

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

The accounting policies adopted in the preparation of the Condensed Report are consistent with those adopted in the preparation of the Group's audited financial statements for the year ended 31 December 2018, except for the adoption of the following accounting standards applicable for financial period beginning on or after 1 January 2019:

Amendments to MFRS 9 *Prepayment Features with Negative Compensation*
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*
MFRS 16 *Leases*
IC Interpretation 23 *Uncertainty over Income Tax Treatments*
Annual Improvements to MFRS Standards 2015 - 2017 Cycle

The adoption of the above new standards, amendments to published standards and interpretation, where relevant, did not have any significant impact on the financial results of the Group other than the effects and change in accounting policy arising from the adoption of MFRS 16 *Leases* as disclosed below:

Effects of adopting MFRS 16 *Leases* ("MFRS 16")

As a lessee, the Group previously classified each of its leases as operating leases in accordance with MFRS 117 *Leases* ("MFRS 117"), if the arrangements do not transfer substantially all the risks and rewards incidental to ownership of the leased assets to the Group. Otherwise, they were classified as finance lease.

MFRS 16, which supersedes MFRS 117, eliminates the classification of leases by the lessee as either finance leases or operating leases. MFRS 16 requires a lessee to account for all leases under a single on balance sheet model similar to the accounting for a finance lease under MFRS 117 which involves the recognition of a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments.

The Group has adopted MFRS 16 for the first time since 1 January 2019. In its transition to MFRS 16, the Group has elected to apply the modified retrospective approach whereby the comparative information has not been restated and continues to be reported under MFRS 117, as permitted by the transitional provisions of MFRS 16. The Group has made use of the following transitional practical expedients for recognition and measurement purposes at the date of initial application:

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1 Basis of preparation (cont'd.)

Effects of adopting MFRS 16 *Leases* ("MFRS 16") (cont'd.)

- (a) The Group has elected not to reassess whether an agreement is, or contains a lease at the date of initial application. Instead, for agreements entered into before the transition date, the Group relied on its previous assessments made in accordance with MFRS 117 and IC Interpretation 4 *Determining whether an Arrangement contains a Lease*.
- (b) Lease agreements for which the remaining lease term ends within 12 months from the date of initial application are accounted as short-term leases whereby the Group has elected not to recognise the associated right-of-use assets and lease liabilities.
- (c) A single discount rate was applied for those portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment.
- (d) Initial direct costs were excluded from the measurement of the right-of-use assets at the date of initial application.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 for the Group was at 5.97% per annum.

The table below summarises the effects upon adoption of MFRS 16 as at 1 January 2019 and the movements during the year ended 31 December 2019:

| | Right-of-use assets RM'000 | Lease liabilities RM'000 |
|-------------------------------------|---|---|
| At 31 December 2018 | - | - |
| Additions | 631 | (631) |
| As restated at 1 January 2019 | 631 | (631) |
| Depreciation of right-of-use assets | (185) | - |
| Interest expense | - | (32) |
| Payment | - | 204 |
| At 31 December 2019 | 446 | (459) |

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1 Basis of preparation (cont'd.)

Standards issued but not yet effective

The following standards and amendments to standards have been issued by the MASB but are not yet effective.

Effective for financial periods commencing on or after 1 January 2020

Amendments to MFRS 2 *Share-based Payment*

Amendment to MFRS 3 *Business Combinations*

Amendments to MFRS 6 *Exploration for and Evaluation of Mineral Resources*

Amendment to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

Amendment to MFRS 14 *Regulatory Deferral Accounts*

Amendments to MFRS 101 *Presentation of Financial Statements*

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*

Amendments to MFRS 134 *Interim Financial Reporting*

Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*

Amendments to MFRS 138 *Intangible Assets*

Amendment to IC Interpretation 12 *Service Concession Arrangements*

Amendment to IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*

Effective for financial periods commencing on or after 1 January 2021

MFRS 17 *Insurance Contracts*

Deferred to a date to be announced by MASB

Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The above pronouncements are either not relevant or do not have any material impact on the financial statements of the Group.

2 Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the year ended 31 December 2018 was not qualified.

3 Seasonality and cyclicity factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors during the current quarter and year ended 31 December 2019.

4 Exceptional items/unusual events

Save as disclosed in Note 30, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year ended 31 December 2019.

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5 Variation from financial estimates reported in preceding financial year

There were no changes in estimates that have had any material effect during the current quarter and year ended 31 December 2019.

6 Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the current quarter and year ended 31 December 2019.

7 Dividend paid

There were no dividend paid during the current quarter and year ended 31 December 2019.

8 Segmental reporting

The Group's reportable operating segments are identified based on business units which are engaged in providing different services and products, as follows:

- (a) Investment Holding - general investments and corporate related activities

Rental business within the Investment Holding operating segment has been sold in May 2018, and this segment is presented as discontinued operation.

- (b) Structured Financing - structured lending and financial services related activities

- (c) Hospitality - hotel operation and investment in hospitality related business through joint ventures

- (d) Fund Management - unit trust funds and asset management

The Company had on 28 March 2019 entered into a conditional share purchase agreement with Kenanga Investors Berhad for the proposed disposal of the entire equity interest in Libra Invest Berhad, which is the business unit engaged in fund management. The sale was completed on 8 July 2019. Consequently, Fund Management segment is presented as discontinued operation.

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8 Segmental reporting (cont'd.)

| | <----- Discontinued -----> | | | | | |
|--|---------------------------------|-----------------------------------|-----------------------|------------------------------|---------------------------------|--------------------------|
| | Investment Holding RM'000 | Structured Financing RM'000 | Hospitality RM'000 | Fund Management RM'000 | Investment Holding RM'000 | Group total RM'000 |
| Three months ended 31 December 2019 | | | | | | |
| Revenue | 648 | 159 | 2,436 | - | - | 3,243 |
| Interest income | 266 | 148 | - | - | - | 414 |
| Non-interest income | 382 | 11 | 2,436 | - | - | 2,829 |
| Other (expenses)/income | (1) | 5 | 809 | - | - | 813 |
| | 647 | 164 | 3,245 | - | - | 4,056 |
| Operating expenses of which: | (1,856) | (25) | (2,700) | - | - | (4,581) |
| - Depreciation of property, plant and equipment | (55) | - | (192) | - | - | (247) |
| - Depreciation of right-of-use assets | (185) | - | - | - | - | (185) |
| Operating (loss)/profit | (1,209) | 139 | 545 | - | - | (525) |
| Interest expense | (32) | - | (296) | - | - | (328) |
| Share of loss of equity- accounted joint ventures | - | - | (1,708) | - | - | (1,708) |
| (Loss)/profit before tax | (1,241) | 139 | (1,459) | - | - | (2,561) |
| Three months ended 31 December 2018 | | | | | | |
| Revenue | 94 | 1,602 | 1,434 | 2,298 | - | 5,428 |
| Interest income | 94 | 1,235 | 4 | 65 | - | 1,398 |
| Non-interest income | - | 367 | 1,430 | 2,233 | - | 4,030 |
| Other income | 13 | 16 | 36 | - | - | 65 |
| | 107 | 1,618 | 1,470 | 2,298 | - | 5,493 |
| Operating expenses of which: | (3,018) | (17) | (1,160) | (1,388) | - | (5,583) |
| - Depreciation of property, plant and equipment | (48) | - | (24) | (80) | - | (152) |
| Operating (loss)/profit | (2,911) | 1,601 | 310 | 910 | - | (90) |
| Interest expense | - | - | (160) | - | - | (160) |
| Share of profit of equity- accounted joint ventures | - | - | 35 | - | - | 35 |
| (Loss)/profit before tax | (2,911) | 1,601 | 185 | 910 | - | (215) |

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8 Segmental reporting (cont'd.)

| | Investment Holding RM'000 | Structured Financing RM'000 | Hospitality RM'000 | <----- Discontinued -----> Management RM'000 | Fund Investment Holding RM'000 | Group total RM'000 |
|--|---------------------------------|-----------------------------------|-----------------------|--|---|--------------------------|
| Twelve months ended 31 December 2019 | | | | | | |
| Revenue | 1,606 | 2,131 | 8,006 | 6,251 | - | 17,994 |
| Interest income | 448 | 1,904 | - | 171 | - | 2,523 |
| Non-interest income | 1,158 | 227 | 8,006 | 6,080 | - | 15,471 |
| Other income | 68 | 11 | 948 | 35,049 | - | 36,076 |
| | 1,674 | 2,142 | 8,954 | 41,300 | - | 54,070 |
| Operating expenses of which: | (7,920) | (87) | (7,554) | (5,653) | - | (21,214) |
| - Depreciation of property, plant and equipment | (204) | - | (270) | (176) | - | (650) |
| - Depreciation of right-of-use assets | (185) | - | - | - | - | (185) |
| Operating (loss)/profit | (6,246) | 2,055 | 1,400 | 35,647 | - | 32,856 |
| Interest expense | (32) | - | (985) | - | - | (1,017) |
| Share of loss of equity- accounted joint ventures | - | - | (1,212) | - | - | (1,212) |
| (Loss)/profit before tax | (6,278) | 2,055 | (797) | 35,647 | - | 30,627 |

Twelve months ended 31 December 2018

| | | | | | | |
|--|---------|-------|---------|----------|-------|----------|
| Revenue | 376 | 5,334 | 1,434 | 12,452 | - | 19,596 |
| Interest income | 168 | 4,661 | 4 | 267 | - | 5,100 |
| Non-interest income | 208 | 673 | 1,430 | 12,185 | - | 14,496 |
| Other income | 497 | 24 | 36 | - | 3,963 | 4,520 |
| | 873 | 5,358 | 1,470 | 12,452 | 3,963 | 24,116 |
| Operating expenses of which: | (7,115) | (71) | (1,160) | (10,387) | (524) | (19,257) |
| - Depreciation of property, plant and equipment | (216) | - | (24) | (326) | - | (566) |
| Operating (loss)/profit | (6,242) | 5,287 | 310 | 2,065 | 3,439 | 4,859 |
| Interest expense | - | - | (160) | - | - | (160) |
| Share of profit of equity- accounted joint ventures | - | - | 1,545 | - | - | 1,545 |
| (Loss)/profit before tax | (6,242) | 5,287 | 1,695 | 2,065 | 3,439 | 6,244 |

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8 Segmental reporting (cont'd.)

| | Investment Holding RM'000 | Structured Financing RM'000 | Hospitality RM'000 | Fund Management (Discontinued) RM'000 | Group total RM'000 |
|--|--|--|-------------------------------|--|-----------------------------------|
| Assets and liabilities as at 31 December 2019 | | | | | |
| Segment assets | 96,936 | 7,464 | 47,679 | - | 152,079 |
| Investment in joint ventures | - | - | 65,762 | - | 65,762 |
| Additions to property, plant and equipment | 85 | - | 10,029 | - | 10,114 |
| Total assets | 97,021 | 7,464 | 123,470 | - | 227,955 |
| Total liabilities | 1,006 | 17 | 24,407 | - | 25,430 |
| Assets and liabilities as at 31 December 2018 | | | | | |
| Segment assets | 23,344 | 58,171 | 2,862 | 16,049 | 100,426 |
| Investment in joint ventures | - | - | 67,537 | - | 67,537 |
| Additions to property, plant and equipment | 942 | - | 22,206 | 360 | 23,508 |
| Total assets | 24,286 | 58,171 | 92,605 | 16,409 | 191,471 |
| Total liabilities | 1,765 | 94 | 11,202 | 4,275 | 17,336 |

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9 Cash and cash equivalents

| | 31-Dec-19 | 31-Dec-18 |
|--|------------------|-----------|
| | RM'000 | RM'000 |
| Cash and balances with banks and other financial institutions | 1,874 | 4,551 |
| Deposit placements with licensed financial institutions maturing within three months | 54,114 | 9,230 |
| | 55,988 | 13,781 |

10 Financial assets at fair value through profit or loss

| | 31-Dec-19 | 31-Dec-18 |
|--------------------|------------------|-----------|
| | RM'000 | RM'000 |
| In Malaysia | | |
| Unit trust fund | 20,958 | - |

11 Financial assets at fair value through other comprehensive income

| | 31-Dec-19 | 31-Dec-18 |
|-------------------------|------------------|-----------|
| | RM'000 | RM'000 |
| In Malaysia | | |
| Quoted shares | 251 | 470 |
| Unquoted investment | 13,789 | 13,350 |
| Outside Malaysia | | |
| Quoted share | - | 183 |
| Unquoted investment | 6,383 | 7,350 |
| | 20,423 | 21,353 |

12 Trade and other receivables

| | 31-Dec-19 | 31-Dec-18 |
|--|------------------|-----------|
| | RM'000 | RM'000 |
| Trade receivables | 182 | 2,019 |
| Other receivables | 25,479 | 3,196 |
| Prepayments | 234 | 268 |
| Less: Allowance for expected credit losses | (43) | - |
| | 25,852 | 5,483 |

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13 Loans, advances and financing

| | 31-Dec-19 | 31-Dec-18 |
|---|------------------|-----------|
| | RM'000 | RM'000 |
| Term loans, representing gross loans, advances and financing | 5,738 | 57,903 |
| <u>Analysis of gross loans, advances and financing</u> | | |
| By economic purpose | | |
| Investments | 5,738 | 17,903 |
| Others | - | 40,000 |
| Gross loans, advances and financing | 5,738 | 57,903 |
| By interest rate sensitivity | | |
| Fixed rate, representing gross loans, advances and financing | 5,738 | 57,903 |
| By type of customer | | |
| Domestic business enterprise | 5,738 | 17,903 |
| Individual | - | 40,000 |
| Gross loans, advances and financing | 5,738 | 57,903 |
| By residual contractual maturity | | |
| Within one year, representing gross loans, advances and financing | 5,738 | 57,903 |

Allowance for expected credit losses

There is no movement in the allowance for expected credit losses during the year ended 31 December 2019 (2018: no movement). The Group has not recognised any loss allowance as the loans, advances and financing are supported by collateral such as equity instruments and other credit enhancement.

14 Property, plant and equipment

The Group completed the acquisition of a new property known as Tune Hotel Kota Kinabalu for a cash consideration of RM9.0 million in second quarter ended 30 June 2019.

The Group's property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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15 Loans and borrowings

| | 31-Dec-19 | 31-Dec-18 |
|--|----------------------|--------------|
| | RM'000 | RM'000 |
| Secured floating rate long term loan (Note 15.1) | 18,947 | 9,941 |
| Lease liabilities | 537 | - |
| | <u>19,484</u> | <u>9,941</u> |

15.1 The term loan increased by RM9.0 million was attributed to the loan drawdown for the acquisition of Tune Hotel Kota Kinabalu. The term loan bears interest of 5.97% (2018: 6.22%) per annum and the remaining maturities as at reporting date are as follows:

| | 31-Dec-19 | 31-Dec-18 |
|---|----------------------|--------------|
| | RM'000 | RM'000 |
| On demand or within one year | - | - |
| More than 1 year and less than 2 years | 551 | - |
| More than 2 years and less than 5 years | 7,295 | 2,755 |
| 5 to 10 years | 11,101 | 7,186 |
| | <u>18,947</u> | <u>9,941</u> |

16 Revenue

| | Quarter Ended | | Year Ended | |
|---|----------------------|--------------|----------------------|--------------|
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-19 | 31-Dec-18 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Hospitality income | 2,436 | 1,430 | 8,006 | 1,430 |
| Interest income | | | | |
| Loans, advances and financing | 145 | 1,235 | 1,894 | 4,661 |
| Short-term funds and deposits with financial institutions | 287 | 98 | 476 | 172 |
| | <u>432</u> | <u>1,333</u> | <u>2,370</u> | <u>4,833</u> |
| Investment income | | | | |
| Net gains on financial assets at fair fair value through other comprehensive income | - | - | - | 10 |
| Net gains on financial assets at fair value through profit or loss | 382 | - | 1,158 | 198 |
| | <u>382</u> | <u>-</u> | <u>1,158</u> | <u>208</u> |
| Others | (7) | 367 | 209 | 673 |
| Total revenue | <u>3,243</u> | <u>3,130</u> | <u>11,743</u> | <u>7,144</u> |

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17 Other income

| | Quarter Ended | | Year Ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 |
| Rental income | 35 | 30 | 145 | 30 |
| Loss on disposal of property, plant and equipment | - | - | - | (104) |
| Loss on foreign exchange translation | (3) | - | (5) | (121) |
| Gain on bargain purchase | 808 | (7) | 808 | 721 |
| Others | (27) | 42 | 79 | 31 |
| | 813 | 65 | 1,027 | 557 |

18 Operating expenses

| | Quarter Ended | | Year Ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 | 31-Dec-19 RM'000 | 31-Dec-18 RM'000 |
| Hospitality management expenses | 1,016 | 347 | 3,251 | 347 |
| Personnel expenses | 1,596 | 3,137 | 7,115 | 6,094 |
| Depreciation of property, plant and equipment | 247 | 72 | 474 | 240 |
| Depreciation of right-of-use assets | 185 | - | 185 | - |
| Rental of premises | - | 52 | - | 120 |
| Water and electricity | 191 | 150 | 820 | 150 |
| Auditors' remuneration | | | | |
| - statutory audit | 2 | 27 | 86 | 69 |
| - regulatory-related services | 5 | 5 | 5 | 5 |
| Allowance for expected credit losses of receivables | 43 | - | 43 | - |
| Professional fees and expenses | 927 | (130) | 1,557 | 148 |
| Others | 369 | 535 | 2,025 | 1,173 |
| | 4,581 | 4,195 | 15,561 | 8,346 |

The overall increase in operating expenses of RM7.22 million for year ended 31 December 2019 was attributed largely to the commencement of hospitality business.

Other than allowance for expected credit losses of receivables of RM0.04 million, there were no provision for or write off of inventories, impairment of assets and other exceptional items during the current quarter and year ended 31 December 2019.

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19 Income tax expense

| | Quarter Ended | | Year Ended | |
|--|----------------------|-----------|-------------------|-----------|
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-19 | 31-Dec-18 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Recognised in profit or loss | | | | |
| Income tax expense: | | | | |
| - on continuing operations | 48 | 287 | 195 | 734 |
| - on discontinued operation (Note 20) | - | 184 | 98 | 374 |
| Total income tax expense | 48 | 471 | 293 | 1,108 |
| Major components of income tax expense include: | | | | |
| Current tax expense | | | | |
| Current period's/year's provision | 30 | 118 | 293 | 667 |
| (Over)/under provision of income tax in prior years | - | (1) | (46) | 82 |
| | 30 | 117 | 247 | 749 |
| Deferred tax expense | | | | |
| Relating to origination and reversal of temporary differences | 19 | 399 | 44 | 399 |
| (Over)/under provision of deferred tax in prior years | (1) | (45) | 2 | (40) |
| | 18 | 354 | 46 | 359 |
| Total income tax expense | 48 | 471 | 293 | 1,108 |

The Group's effective tax rate for the current year ended 31 December 2019 was lower than the statutory tax rate due to gain on disposal of a subsidiary was not subjected to tax.

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20 Discontinued operation - Disposal of a subsidiary

On 28 March 2019, the Company entered into a conditional share purchase agreement with Kenanga Investors Berhad for the proposed disposal of the entire equity interest in Libra Invest Berhad. The sale was completed on 8 July 2019.

The results of Libra Invest Berhad were not classified as results from a discontinued operation or classified as held for sale as at 31 December 2018. For presentation purpose, the comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Profit attributable to the discontinued operation was as follows:

| | Quarter Ended | | Year Ended | |
|---|----------------------|-----------|-------------------|-----------|
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-19 | 31-Dec-18 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | - | 2,298 | 6,251 | 12,452 |
| Other income | - | - | 49 | - |
| Gain on disposal of discontinued operation | - | - | 35,000 | - |
| Operating expenses | - | (1,388) | (5,653) | (10,387) |
| Profit before tax | - | 910 | 35,647 | 2,065 |
| Income tax expense (Note 19) | - | (184) | (98) | (374) |
| Profit for the period/year | - | 726 | 35,549 | 1,691 |
| Included in operating expenses are: | | | | |
| - Depreciation of property, plant and equipment | - | 80 | 176 | 326 |
| - Property, plant and equipment written off | - | 5 | - | 41 |

The gain on disposal of discontinued operation is attributed entirely to gain on disposal of equity interest in Libra Invest Berhad.

The net cash flows incurred by Libra Invest Berhad are, as follows:

| | Year Ended | |
|---|-------------------|-----------|
| | 31-Dec-19 | 31-Dec-18 |
| | RM'000 | RM'000 |
| Cash flows from discontinued operation | | |
| Net cash generated from investing activities | 25,548 | - |

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20 Discontinued operation - Disposal of a subsidiary (cont'd.)

The major classes of assets and liabilities of Libra Invest Berhad and effect on disposal on the financial position of the Group are, as follows:

| | 31-Dec-19 |
|--|----------------------|
| | RM'000 |
| Cash and cash equivalents | 25,233 |
| Trade and other receivables | 4,098 |
| Property, plant and equipment | 1,520 |
| Trade and other payables | (14,937) |
| Deferred tax liabilities | (133) |
| Net assets | <u>15,781</u> |
| Gain on disposal of discontinued operation | <u>35,000</u> |
| Consideration received, satisfied in cash | <u>50,781</u> |
| Cash and cash equivalents disposed of | <u>(25,233)</u> |
| Net cash inflow | <u><u>25,548</u></u> |

21 Discontinued operation - Disposal of property, plant and equipment

The sale and purchase agreements for the disposal of the East and Centre wings of Bangunan ECM Libra and the semi-detached residential property, for an aggregated cash consideration of RM28,000,000, were completed on 8 May 2018. Consequently, the rental business in relation to the East and Centre wings of Bangunan ECM Libra was presented as discontinued operation in the previous financial year ended 31 December 2018.

Profit attributable to the discontinued operation was as follows:

| | Quarter Ended | | Year Ended | |
|--|----------------------|-----------------|-------------------|---------------------|
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-19 | 31-Dec-18 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other income | - | - | - | 631 |
| Gain on disposal of discontinued operation | - | - | - | 3,562 |
| Property, plant and equipment written-off | - | - | - | (230) |
| Operating expenses | - | - | - | (524) |
| Profit before tax | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,439</u> |
| Income tax expense | - | - | - | - |
| Profit for the period/year | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>3,439</u></u> |

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22 Changes in the composition of the Group

- (a) On 28 March 2019, the Company formed a joint venture, by incorporating a company in Singapore known as Ormond Group Pte Ltd held in equal proportion (50:50) with Plato Capital Limited.
- (b) As disclosed in Note 30.2, the Company completed the disposal of Libra Invest Berhad on 8 July 2019, which is the business unit engaged in fund management, that constituted one of the four reportable operating segments of the Group. Following the completion of the disposal, Libra Invest Berhad ceased to be a subsidiary of the Company.

There were no other material changes in the composition of the Group for the current quarter and year ended 31 December 2019.

23 Commitments

| | 31-Dec-19 | 31-Dec-18 |
|---|------------------|-----------|
| | RM'000 | RM'000 |
| Approved and contracted for | | |
| Proposed acquisition of Tune Hotel Kota Kinabalu | - | 8,100 |
| Proposed acquisition of Tune Hotel KLIA Aeropolis | 833 | 833 |
| Proposed acquisition of Tune Hotel Danga Bay | 16,450 | - |
| Proposed acquisition of the Chow Kit, an Ormond Hotel and Momo's Kuala Lumpur | 45,590 | - |
| Property, plant and equipment | 7,017 | - |
| | <hr/> | <hr/> |
| Joint venture | | |
| Share of capital commitment of joint venture | - | 614 |
| | <hr/> | <hr/> |

24 Related party disclosures

All related party transactions and balances within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

25 Contingent assets and liabilities

As at 31 December 2019, the Group does not have any contingent assets and liabilities.

26 Valuation of property, plant and equipment

Save as disclosed below, there were no other valuation of property, plant and equipment of the Group.

During the quarter ended 31 December 2019, Tune Hotel Kota Kinabalu were appraised and valued at RM9,808,000 by external independent property valuers, the effect of the valuation has been reflected in the financial statement for the year ended 31 December 2019.

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27 Financial instruments

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (i) Financial assets measured at amortised cost ("FA");
- (ii) Financial assets at fair value through other comprehensive income ("FVOCI");
- (iii) Financial assets at fair value through profit or loss ("FVTPL"); and
- (iv) Financial liabilities measured at amortised cost ("FL").

| 31-Dec-19 | Carrying amount RM'000 | FA RM'000 | FVOCI RM'000 | FVTPL RM'000 | FL RM'000 |
|---|---------------------------------------|----------------------|-------------------------|-------------------------|----------------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 55,988 | 55,988 | - | - | - |
| Financial assets at fair value through profit or loss | 20,958 | - | - | 20,958 | - |
| Financial assets at fair value through other comprehensive income | 20,423 | - | 20,423 | - | - |
| Loans, advances and financing | 5,738 | 5,738 | - | - | - |
| Trade and other receivables | 25,618 | 25,618 | - | - | - |
| | 128,725 | 87,344 | 20,423 | 20,958 | - |
| Financial liabilities | | | | | |
| Trade and other payables | (5,875) | - | - | - | (5,875) |
| Loans and borrowings | (19,484) | - | - | - | (19,484) |
| | (25,359) | - | - | - | (25,359) |
| 31-Dec-18 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 13,781 | 13,781 | - | - | - |
| Financial assets at fair value through other comprehensive income | 21,353 | - | 21,353 | - | - |
| Loans, advances and financing | 57,903 | 57,903 | - | - | - |
| Trade and other receivables | 5,215 | 5,215 | - | - | - |
| | 98,252 | 76,899 | 21,353 | - | - |
| Financial liabilities | | | | | |
| Trade and other payables | (7,163) | - | - | - | (7,163) |
| Loans and borrowings | (9,941) | - | - | - | (9,941) |
| | (17,104) | - | - | - | (17,104) |

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27 Financial instruments (cont'd.)

(b) Financial assets that are carried at fair value

The Group classifies financial assets which are measured at fair value according to the following hierarchy, reflecting the significance of inputs used in making the fair value measurements:

Level 1: Quoted (unadjusted) market price in active markets for identical assets.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows the Group's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

| | Level 1 | Level 2 | Level 3 | Total |
|------------------------------------|----------------|----------------|----------------|---------------|
| 31-Dec-19 | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial assets | | | | |
| Financial assets at fair value | | | | |
| through other comprehensive income | | | | |
| - Quoted shares | 251 | - | - | 251 |
| - Unquoted investments | - | - | 20,172 | 20,172 |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| - Unit trust fund | - | 20,958 | - | 20,958 |
| | <u>251</u> | <u>20,958</u> | <u>20,172</u> | <u>41,381</u> |
| 31-Dec-18 | | | | |
| Financial assets | | | | |
| Financial assets at fair value | | | | |
| through other comprehensive income | | | | |
| - Quoted shares | 653 | - | - | 653 |
| - Unquoted investments | - | - | 20,700 | 20,700 |
| | <u>653</u> | <u>-</u> | <u>20,700</u> | <u>21,353</u> |

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended 31 December 2019 (2018: no transfer in either direction).

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27 Financial instruments (cont'd.)

(b) Financial assets that are carried at fair value (cont'd.)

Determination of Fair Value

For financial assets measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities, prices quoted by independent data providers and independent broker quotations.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and other valuation techniques. The valuation techniques used incorporate assumptions regarding discount rates, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair value derived. The Group generally uses widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgment and estimation, due to the low complexity of the financial assets held.

(c) Financial assets that are not carried at fair value

The carrying amount of financial assets and financial liabilities at amortised cost are reasonable approximation of their fair values.

28 Event after the reporting year

On 2 January 2020, the Company announced the completion of the sale and purchase agreement dated 4 May 2017 between the Company and OMT Hotels Sdn Bhd (formerly known as Tune Hotels Sdn Bhd) for the acquisition of the rights to operate and maintain the Tune Hotel KLIA Aeropolis.

29 Significant event during the financial year

Other than the completion of the disposal of Libra Invest Berhad on 8 July 2019 and the Proposed Acquisition of Hospitality Assets as disclosed in Note 30.2 and 30.3 respectively, there was no other significant event during the financial year ended 31 December 2019.

Part B – Additional information required by the listing requirements of Bursa Malaysia Securities Berhad

30 Status of corporate proposals announced

30.1 Proposed Tune Hotels Acquisitions

At the Extraordinary General Meeting of the Company held on 12 December 2017, shareholders approved inter alia the following:

(a) Proposed acquisitions of:

- 50% equity interest in TP Sepang Sdn Bhd (now known as OHG Services Sdn Bhd), TP International Pty Ltd, Yummy Kitchen Sdn Bhd (now known as Ormond Lifestyle Services Sdn Bhd) and 40.005% equity interest in TP Hotel (Flinders) Trust (together with 40.005% of the rights and benefits to the total advances owing by TP Hotel (Flinders) Trust to TP Real Estate Holdings Pte Ltd ("TPRE")) ("Proposed Acquisitions from TPRE"); and
- Tune Hotel Penang, Tune Hotel Kota Kinabalu and the rights to operate and maintain Tune Hotel KLIA Aeropolis ("Proposed Tune Hotels Acquisitions");

for an aggregated purchase consideration of RM88.60 million to be satisfied by a combination of RM19.00 million cash and 193,333,332 new ordinary shares in the Company to be issued;

- (b) Proposed disposal of the Company's non-core assets, comprising the East wing and Centre wing of Bangunan ECM Libra, and the semi-detached residential property, for an aggregated cash consideration of RM28.00 million ("Proposed Disposals"); and
- (c) Proposed special dividend, subject to the Proposed Disposals becoming unconditional ("Proposed Special Dividend").

The Proposed Acquisitions from TPRE, the acquisition of Tune Hotel Penang, Tune Hotel Kota Kinabalu, the Proposed Disposals and the Proposed Special Dividend had been completed. On 2 January 2020, the Company announced the completion of the acquisition of the rights to operate and maintain Tune Hotel KLIA Aeropolis which is the last subject matter of the entire Proposed Tune Hotels Acquisitions corporate exercise.

30.2 Proposed disposal of Libra Invest Berhad

On 28 March 2019, the Company (as seller) announced that it entered into a conditional share purchase agreement with Kenanga Investors Berhad (as purchaser) in relation to the disposal of 6,500,000 ordinary shares representing 100% equity interest in Libra Invest Berhad for a provisional cash consideration of RM50.07 million, subject to adjustments and upon the terms and conditions as set out in the share purchase agreement ("Disposal"). The Disposal was completed on 8 July 2019 for a final total cash consideration of RM50.78 million.

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30 Status of corporate proposals announced (cont'd)

30.3 Proposed Acquisition of Hospitality Assets

On 8 August 2019, the Company announced that ECML Hotels Sdn Bhd, a wholly-owned subsidiary of the Company, had on even date entered into a conditional sale and purchase agreement (“SPA”) with OMT Hotels Sdn Bhd (formerly known as Tune Hotels Sdn Bhd) for the proposed acquisition of:

- (a) a piece of land together with a 7-storey limited-service hotel known as "Tune Hotel @ Danga Bay" comprising 218 hotel rooms;
- (b) two pieces of land in Bandar Kuala Lumpur together with an existing structure which is being re-developed into two hotels to be known as “The Chow Kit, an Ormond hotel” comprising 113 hotel rooms and “MoMo’s Kuala Lumpur” comprising 99 hotel rooms and one piece of vacant land; and
- (c) hospitality businesses (as defined therein)

for a total cash consideration of RM62.04 million upon the terms and conditions as set out in the SPA (collectively referred to as "Proposed Acquisition of Hospitality Assets").

Shareholders' approval has been obtained on 3 December 2019 and the proposal is now pending the settlement of the purchase consideration.

Other than the above, there are no corporate proposals announced but not completed as at 26 February 2020.

31 Operating segments review

The performance review of continuing operations and discontinued operation are presented separately following the disposal of Libra Invest Berhad, the East and Centre wings of Bangunan ECM Libra and the semi-detached residential property as disclosed in Note 20 and Note 21, respectively.

Q4 FY2019 vs. Q4 FY2018

(a) Continuing operations

The Group recorded a loss before tax of RM2.56 million for the quarter ended 31 December 2019 ("Q4 FY2019") from loss before tax of RM1.13 million a year ago ("Q4 FY2018"). Higher loss was attributed largely to lower contribution by Structured Financing and Hospitality, offset by a lower loss in Investment Holding.

Other comprehensive income recorded a lower loss of RM0.56 million in Q4 FY2019 compared to loss of RM1.03 million a year earlier, due mainly to foreign currency translation gain of RM0.44 million on investments denominated in foreign currencies.

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31 Operating segments review (cont'd.)

Q4 FY2019 vs. Q4 FY2018 (cont'd.)

(a) Continuing operations (cont'd.)

Review of segmental performance:

(i) Investment Holding

The Investment Holding segment posted a loss before tax of RM1.24 million in Q4 FY2019 from RM2.91 million in Q4 FY2018, largely due to reduction in operating expenses.

(ii) Structured Financing

The gross loans, advances and financing portfolio was lowered by RM52.17 million to RM5.74 million as at the end of the current quarter on repayment by borrowers. In line with the drop in the portfolio, the Structure Financing segment saw a drop in profit before tax from RM1.60 million in Q4 FY2018 to RM0.14 million in Q4 FY2019.

(iii) Hospitality

Following the completion of the acquisition of Tune Hotel Penang and Tune Hotel Kota Kinabalu, the financial performance of Hospitality segment is now made up of the financial results of Tune Hotel Penang and Tune Hotel Kota Kinabalu, and the share of results of equity-accounted joint ventures involve in the hospitality business.

The Hospitality segment posted a loss before tax of RM1.46 million in Q4 FY2019 from a profit of RM0.19 million a year ago on share of loss of equity-accounted joint ventures, off-set by a contribution of RM0.25 million from Tune Hotel Penang and Tune Hotel Kota Kinabalu.

(b) Discontinued operation

The financial results of Fund Management segment were classified as discontinued operations and as disclosed in Note 30.2, Libra Invest Berhad (“LIB”), which is involved in the fund management business, ceased to generate income following the completion of the sale of LIB to Kenanga Investors Berhad (“Disposal”) on 8 July 2019.

12M FY2019 vs. 12M FY2018

(a) Continuing operations

The Group recorded a loss before tax of RM5.02 million for the year ended 31 December 2019 (“12M FY2019”) from a profit before tax of RM0.74 million a year ago (“12M FY2018”). Loss for the 12M FY2019 was attributed largely to loss at Investment Holding of RM6.28 million and lower contribution by Structured Financing and Hospitality segments.

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31 Operating segments review (cont'd.)

12M FY2019 vs. 12M FY2018 (cont'd.)

(a) Continuing operations (cont'd.)

Other comprehensive income recorded at a loss of RM1.94 million in 12M FY2019 compared to a loss of RM0.69 million a year earlier. The loss in 12M FY2019 was due largely to fair value loss on lower market value of investment in unquoted investment of RM0.97 million and foreign currency translation loss of RM0.56 million on investments denominated in foreign currencies.

Review of segmental performance:

(i) Investment Holding

The Investment Holding segment posted a loss before tax of RM6.28 million in 12M FY2019 largely on operating expenses, which is similar to the loss recorded a year ago.

(ii) Structured Financing

The gross loans, advances and financing portfolio was lowered by RM52.17 million to RM5.74 million as at the end of the financial year on repayment by borrowers. In line with the drop in the portfolio, the Structure Financing segment saw a drop in profit before tax from RM5.29 million in 12M FY2018 to RM2.06 million in 12M FY2019.

(iii) Hospitality

Following the completion of the acquisition of Tune Hotel Penang and Tune Hotel Kota Kinabalu, the financial performance of Hospitality segment is now made up of the financial results of Tune Hotel Penang and Tune Hotel Kota Kinabalu, and the share of results of equity-accounted joint ventures involve in the hospitality business.

The Hospitality segment posted a loss of RM0.80 million in 12M FY2019 from a profit of RM1.70 million a year ago on share of loss of equity-accounted joint ventures, off-set by a higher contribution of RM0.26 million from Tune Hotel Penang and Tune Hotel Kota Kinabalu.

(b) Discontinued operation

The financial results of Fund Management segment were classified as discontinued operation and as disclosed in Note 30.2, Libra Invest Berhad ("LIB"), which is involved in the fund management business, ceased to be a subsidiary of the Company following the completion of the sale of LIB to Kenanga Investors Berhad ("Disposal"). A net gain of RM35.0 million was recorded for the Disposal.

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32 Review of performance of current financial quarter against immediate preceding financial quarter

| | Current quarter | Immediate |
|--|------------------------|-------------------|
| | 31-Dec-19 | preceding quarter |
| | RM'000 | 30-Sep-19 |
| | | RM'000 |
| Continuing operations | | |
| Revenue | 3,243 | 3,327 |
| Other income | 813 | 114 |
| | 4,056 | 3,441 |
| Operating expenses | (4,581) | (4,820) |
| Operating loss | (525) | (1,379) |
| Interest expense | (328) | (291) |
| Share of (loss)/profit of equity-accounted joint ventures | (1,708) | 709 |
| Loss before tax | (2,561) | (961) |
| Income tax expense | (48) | (29) |
| Loss from continuing operations | (2,609) | (990) |
| Discontinued operation | | |
| Profit from discontinued operation, net of tax | - | 34,835 |
| (Loss)/profit for the period attributable to owners of the Company | (2,609) | 33,845 |

(a) Continuing operations

The Group recorded a loss before tax of RM2.56 million for the current quarter ended 31 December 2019 as compared to a loss before tax of RM0.96 million in the immediate preceding quarter ended 30 September 2019. The higher loss was attributed largely to the share of loss of equity-accounted joint ventures.

(b) Discontinued operation

The discontinued operation in the preceding quarter relates to the disposal of Libra Invest Berhad, which was completed on 8 July 2019.

33 Group's prospects

The Group has diversified the existing business activities to include hospitality related business through acquisitions from TPRE, acquisition of Tune Hotel Penang and Tune Hotel Kota Kinabalu as disclosed in Note 30.1 and the Proposed Acquisition of Hospitality Assets as disclosed in Note 30.3. The disposal of Libra Invest Berhad completed on 8 July 2019 has resulted in cessation of income stream from fund management. The proceeds from the disposal of Libra Invest Berhad would be reinvested into the hospitality related business and other business opportunities to be identified.

Whilst the Group is optimistic on the long term growth prospect of the hospitality industry, the near term outlook is expected to be very tough with the outbreak of coronavirus. The Group is reviewing its capital expenditure plan and implementing cost management initiatives to manage near term difficult operating conditions.

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34 Profit forecast

The Group has not entered into any scheme that requires it to present forecast results or guarantee any profits.

35 Dividend

No dividend has been proposed for the current quarter ended 31 December 2019.

36 Material litigations

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group.

37 Earnings/(loss) per ordinary share

(a) Basic earnings/(loss) per ordinary share

The basic earnings/(loss) per ordinary share is calculated by dividing the net profit/(loss) for the reporting period/year by the weighted average number of ordinary shares in issue during the reporting period/year.

| | Quarter Ended | | Year Ended | |
|---|----------------------|-----------|-------------------|-----------|
| | 31-Dec-19 | 31-Dec-18 | 31-Dec-19 | 31-Dec-18 |
| (Loss)/profit for the period/year attributable to owners of the Company (RM'000): | | | | |
| - from continuing operations | (2,609) | (1,412) | (5,215) | 6 |
| - from discontinued operation | - | 726 | 35,549 | 5,130 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Weighted average number of ordinary shares in issue ('000) | 479,926 | 479,926 | 479,926 | 395,894 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Basic earnings/(loss) per ordinary share (sen): | | | | |
| - from continuing operations | (0.54) | (0.29) | (1.09) | - |
| - from discontinued operation | - | 0.15 | 7.41 | 1.30 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | (0.54) | (0.14) | 6.32 | 1.30 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

(b) Diluted earnings/(loss) per ordinary share

The diluted earnings/(loss) per ordinary share for the current quarter and year ended 31 December 2019 was not presented as there is no potential dilutive ordinary share.

By order of the Board
26 February 2020