

ECM LIBRA GROUP BERHAD (Company No. 200501031433) (713570-K)
Condensed Interim Consolidated Financial Statements

Condensed Consolidated Statements of Financial Position as at 30 June 2021

	30-Jun-21	31-Dec-20
	RM'000	RM'000
	(Unaudited)	(Audited)
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	102,030	103,350
Intangible assets	179	199
Right-of-use assets	14,884	15,463
Deferred tax assets	1,232	1,232
Investment in joint ventures	61,055	64,902
Other investments	13,731	15,488
	193,111	200,634
CURRENT ASSETS		
Inventories	187	200
Contract assets	11	77
Tax recoverable	110	103
Loans, advances and financing	5,901	5,738
Trade and other receivables	2,231	2,284
Cash and bank balances and deposits with financial institutions	15,421	16,589
	23,861	24,991
TOTAL ASSETS	216,972	225,625
EQUITY AND LIABILITIES		
CURRENT LIABILITIES		
Loans and borrowings	20,750	20,754
Trade and other payables	3,560	4,442
Lease liabilities	525	699
Contract liabilities	38	131
	24,873	26,026
NET CURRENT LIABILITIES	(1,012)	(1,035)

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Condensed Consolidated Statements of Financial Position as at 30 June 2021 (cont'd.)

	30-Jun-21	31-Dec-20
	RM'000	RM'000
	(Unaudited)	(Audited)
EQUITY AND LIABILITIES (CONT'D.)		
NON-CURRENT LIABILITIES		
Loans and borrowings	18,411	18,411
Lease liabilities	3,486	3,503
Deferred tax liabilities	10	10
	21,907	21,924
TOTAL LIABILITIES	46,780	47,950
NET ASSETS	170,192	177,675
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	107,546	107,546
Retained earnings	67,469	76,188
Reserves	(4,823)	(6,059)
TOTAL EQUITY	170,192	177,675
TOTAL LIABILITIES AND EQUITY	216,972	225,625
Net assets per share (RM)	0.35	0.37

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 2020 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 second quarter and year-to-date ended 30 June 2021

	Note	Quarter Ended		Year-to-Date Ended	
		30-Jun-21 RM'000	30-Jun-20 RM'000	30-Jun-21 RM'000	30-Jun-20 RM'000
Revenue		1,036	1,460	5,503	6,239
Other income		169	73	358	302
Operating expenses		(5,232)	(3,840)	(10,515)	(9,516)
Operating loss		(4,027)	(2,307)	(4,654)	(2,975)
Finance costs		(456)	(264)	(909)	(544)
Share of results of joint ventures		(928)	(1,574)	(2,110)	(2,757)
Loss before tax	21	(5,411)	(4,145)	(7,673)	(6,276)
Income tax expense		(23)	(26)	(47)	(53)
Loss for the period attributable to owners of the Company		(5,434)	(4,171)	(7,720)	(6,329)
		Sen	Sen	Sen	Sen
Basic loss per ordinary share	26	(1.13)	(0.87)	(1.61)	(1.32)

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

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Unaudited Condensed Consolidated Statements of Comprehensive Income
for the second quarter and year-to-date ended 30 June 2021

	Quarter Ended		Year-to-Date Ended	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(5,434)	(4,171)	(7,720)	(6,329)
Other comprehensive income/(loss):				
<i>Items that will not be reclassified to profit or loss</i>				
<i>in subsequent periods (net of tax):</i>				
Fair value changes on financial assets	-	10	54	(92)
<i>Items that may be reclassified to profit or loss</i>				
<i>in subsequent periods (net of tax):</i>				
Exchange differences on translation of investment investment in foreign operations	(486)	3,004	183	696
Other comprehensive (loss)/income for the period, net of tax	(486)	3,014	237	604
Total comprehensive loss for the period, net of tax attributable to owners of the Company	(5,920)	(1,157)	(7,483)	(5,725)

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 2020 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-to-date ended 30 June 2021

	<-----Non-distributable----->			Distributable	
	Share capital RM'000	Foreign currency translation RM'000	Fair value changes through other comprehensive income RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2021	107,546	1,148	(7,207)	76,188	177,675
Loss for the period	-	-	-	(7,720)	(7,720)
Other comprehensive income for the period	-	183	54	-	237
Transfer of loss on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	999	(999)	-
Total comprehensive income/(loss) for the period	-	183	1,053	(8,719)	(7,483)
At 30 June 2021	107,546	1,331	(6,154)	67,469	170,192
At 1 January 2020	107,546	(1,010)	(1,823)	97,812	202,525
Loss for the period	-	-	-	(6,329)	(6,329)
Other comprehensive income/(loss) for the period	-	696	(92)	-	604
Total comprehensive income/(loss) for the period	-	696	(92)	(6,329)	(5,725)
At 30 June 2020	107,546	(314)	(1,915)	91,483	196,800

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 2020 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-to-date ended 30 June 2021

	Year-to-Date Ended	
	30-Jun-21	30-Jun-20
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(7,673)	(6,276)
Adjustments to reconcile loss before tax to net cash flows	4,580	2,888
Operating loss before changes in working capital	<u>(3,093)</u>	(3,388)
Decrease/(increase) in operating assets	131	(6,608)
Decrease in operating liabilities	(983)	(1,647)
Cash used in operations	<u>(3,945)</u>	(11,643)
Interest received	195	730
Interest paid	(912)	(271)
Tax paid	(46)	(61)
Net cash used in operating activities	<u>(4,708)</u>	(11,245)
Cash flows from investing activities		
Net proceeds from financial assets	1,811	20,637
Dividend received from a joint venture company	2,000	-
Advances to joint ventures	(80)	-
Purchase of property, plant and equipment	-	(63,370)
Net cash generated from/(used in) investing activities	<u>3,731</u>	(42,733)
Cash flows from financing activities		
Drawdown of loans and borrowings	-	20,208
Payment of lease liabilities - principal	(191)	(196)
Net cash (used in)/generated from financing activities	<u>(191)</u>	20,012
Net decrease in cash and cash equivalents	(1,168)	(33,966)
Cash and cash equivalents at the beginning of the financial period	16,589	55,988
Cash and cash equivalents at the end of the financial period	15,421	22,022
Cash and cash equivalents comprise:		
Cash and bank balances	2,812	1,144
Deposits with financial institutions	13,086	20,878
	<u>15,898</u>	22,022
Less: Cash and bank balances restricted for use	(477)	-
	<u>15,421</u>	22,022

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

Part A: Explanatory notes pursuant to Malaysian Financial Reporting Standard 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 2020. 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 2020.

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 2020, except for the adoption of the following accounting standards:

Effective for financial periods commencing on or after 1 June 2020

Amendments to MFRS 16 *Leases - Covid-19-Related Rent Concessions*

Effective for financial periods commencing on or after 17 August 2020

Amendments to MFRS 4 *Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9*

Effective for financial periods commencing on or after 1 January 2021

Amendments to MFRS 3 *Business Combinations - Definition of a Business*

Amendment to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosures*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases - Interest Rate Benchmark Reform - Phase 2*

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.

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 April 2021

Amendments to MFRS 16 *Leases - COVID-19-Related Rent Concessions beyond 30 June 2021*

Effective for financial periods commencing on or after 1 January 2022

Amendments to MFRS 3 *Business Combinations - Reference to the Conceptual Framework*

Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*

Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*

Amendments to MFRSs contained in the document entitled "*Annual Improvements to MFRS Standards 2018 - 2020*"

1 Basis of preparation (cont'd.)

Standards issued but not yet effective (cont'd.)

Effective for financial periods commencing on or after 1 January 2023

MFRS 17 *Insurance Contracts*

Amendments to MFRS 17 *Insurance Contracts*

Amendments to MFRS 101 *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies*

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

Amendments to MFRS 112 *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 in the period of initial application.

2 Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the year ended 31 December 2020 was not qualified.

3 Seasonality or cyclicity of operations

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

4 Exceptional or unusual items

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current financial period ended 30 June 2021.

5 Changes in estimates of amounts reported

There was no significant change in estimates of amounts reported in prior interim periods or prior financial years.

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6 Debt and equity securities

There were no issuance, cancellation, share buy-back, resale and repayments of debt securities or equity securities for the current financial period ended 30 June 2021.

7 Dividend paid

There were no dividend paid during the current financial period ended 30 June 2021.

8 Disaggregation of revenue

	Quarter Ended		Year-to-Date Ended	
	30-Jun-21 RM'000	30-Jun-20 RM'000	30-Jun-21 RM'000	30-Jun-20 RM'000
Revenue from contract with customers:				
Rental of hotel rooms	1,332	638	2,793	3,967
Sale of food and beverages	692	516	1,416	1,351
Management services fees	288	-	887	-
Others	42	33	50	46
Revenue from other sources:				
Interest income	182	275	357	747
Investment income	-	(2)	-	128
Reclassification of dividend income received from a joint venture company to investment in joint ventures (Note (a))	(1,500)	-	-	-
Total revenue	1,036	1,460	5,503	6,239

- (a) Dividend income of RM1.50 million received from a joint venture company was reclassified from revenue in Investment Holding segment to reduce the carrying amount of investment in joint ventures as at 30 June 2021 in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The above reclassification does not have any impact on the net assets per share of the Group.

9 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
- (b) Structured Financing - structured lending and financial services related activities
- (c) Hospitality - management and operations of hotels and restaurant and investment in hospitality related business through joint ventures

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9 Segmental reporting (cont'd.)

	Investment Holding RM'000	Structured Financing RM'000	Hospitality RM'000	Group total RM'000
Three months' results ended 30 June 2021				
Revenue (Note (a))	(1,420)	131	2,325	1,036
Other income	-	3	166	169
Operating expenses	(421)	(35)	(4,776)	(5,232)
Operating (loss)/profit	(1,841)	99	(2,285)	(4,027)
Finance costs	(3)	-	(453)	(456)
Share of results of joint ventures	-	-	(928)	(928)
(Loss)/profit before tax	(1,844)	99	(3,666)	(5,411)
Income tax expense	-	(23)	-	(23)
(Loss)/profit after tax	(1,844)	76	(3,666)	(5,434)

(a) Dividend income of RM1.50 million received from a joint venture company was reclassified from revenue in Investment Holding segment to reduce the carrying amount of investment in joint ventures as at 30 June 2021.

Other information

Included in the (loss)/profit after tax are:

- Interest income	51	131	-	182
- Depreciation and amortisation	(95)	-	(871)	(966)
Investment in joint ventures	-	-	61,055	61,055

Three months' results ended 30 June 2020

Revenue	142	162	1,156	1,460
Other income	1	-	72	73
Operating expenses	(989)	(25)	(2,826)	(3,840)
Operating (loss)/profit	(846)	137	(1,598)	(2,307)
Finance costs	(16)	-	(248)	(264)
Share of results of joint ventures	-	-	(1,574)	(1,574)
(Loss)/profit before tax	(862)	137	(3,420)	(4,145)
Income tax expense	-	(26)	-	(26)
(Loss)/profit after tax	(862)	111	(3,420)	(4,171)

Other information

Included in the (loss)/profit after tax are:

- Interest income	144	131	-	275
- Depreciation and amortisation	(155)	-	(113)	(268)
Investment in joint ventures	-	-	63,701	63,701
Capital expenditure	1	-	85,458	85,459

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9 Segmental reporting (cont'd.)

	Investment Holding RM'000	Structured Financing RM'000	Hospitality RM'000	Group total RM'000
Six months' results ended 30 June 2021				
Revenue	126	260	5,117	5,503
Other income	-	4	354	358
Operating expenses	(771)	(68)	(9,676)	(10,515)
Operating (loss)/profit	(645)	196	(4,205)	(4,654)
Finance costs	(7)	-	(902)	(909)
Share of results of joint ventures	-	-	(2,110)	(2,110)
(Loss)/profit before tax	(652)	196	(7,217)	(7,673)
Income tax expense	-	(47)	-	(47)
(Loss)/profit after tax	(652)	149	(7,217)	(7,720)

Other information

Included in the (loss)/profit after tax are:

- Interest income	97	260	-	357
- Depreciation and amortisation	(193)	-	(1,726)	(1,919)
Investment in joint ventures	-	-	61,055	61,055

Six months' results ended 30 June 2020

Revenue	610	296	5,333	6,239
Other (expenses)/income	(4)	-	306	302
Operating expenses	(1,848)	(49)	(7,619)	(9,516)
Operating (loss)/profit	(1,242)	247	(1,980)	(2,975)
Finance costs	(22)	-	(522)	(544)
Share of results of joint ventures	-	-	(2,757)	(2,757)
(Loss)/profit before tax	(1,264)	247	(5,259)	(6,276)
Income tax expense	-	(53)	-	(53)
(Loss)/profit after tax	(1,264)	194	(5,259)	(6,329)

Other information

Included in the (loss)/profit after tax are:

- Interest income	482	265	-	747
- Depreciation and amortisation	(254)	-	(204)	(458)
Investment in joint ventures	-	-	63,701	63,701
Capital expenditure	1	-	86,384	86,385

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9 Segmental reporting (cont'd.)

	Investment Holding RM'000	Structured Financing RM'000	Hospitality RM'000	Group total RM'000
Assets and liabilities as at 30 June 2021				
Total assets	26,249	7,950	182,773	216,972
Total liabilities	498	47	46,235	46,780
Assets and liabilities as at 31 December 2020				
Total assets	29,749	7,762	188,114	225,625
Total liabilities	598	8	47,344	47,950

10 Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial period ended 30 June 2021.

11 Changes in contingent liabilities or contingent assets

As at 30 June 2021, the Group does not have any contingent assets and liabilities.

12 Property, plant and equipment

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

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13 Subsequent events

There were no items, transactions or events of material or unusual in nature during the period from the end of the quarter under review to the date of this report.

14 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.

15 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"); and
- (iii) Financial liabilities measured at amortised cost ("FL").

30 June 2021	Carrying amount RM'000	FA RM'000	FVOCI RM'000	FL RM'000
Financial assets				
Cash and bank balances and deposits with financial institutions	15,421	15,421	-	-
Other investments	13,731	-	13,731	-
Loans, advances and financing	5,901	5,901	-	-
Trade and other receivables	1,651	1,651	-	-
	36,704	22,973	13,731	-
Financial liabilities				
Trade and other payables	(3,560)	-	-	(3,560)
Loans and borrowings	(39,161)	-	-	(39,161)
Lease liabilities	(4,011)	-	-	(4,011)
	(46,732)	-	-	(46,732)

15 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 prices 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.

As at 30 June 2021, the Group's financial instruments which are measured at fair value analysed by the various levels within the fair value hierarchy are as follows:

30 June 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Financial assets at fair value through other comprehensive income				
- Unquoted investments	-	-	13,731	13,731
	<u>-</u>	<u>-</u>	<u>13,731</u>	<u>13,731</u>

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared with the last financial year ended 31 December 2020.

There have been no transfers between the levels of the fair value hierarchy during the current financial period ended 30 June 2021.

(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.

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

16 Status of corporate proposals announced

There are no corporate proposals announced but not completed as at 25 August 2021.

17 Review of performance

(a) Financial period ended 30 June 2021 compared with the previous financial period ended 30 June 2020

For the current financial period ended 30 June 2021 ("6M FY2021"), the Group recorded a total revenue of RM5.50 million, a decrease of 12% compared with RM6.24 million recorded in the previous financial period ended 30 June 2020 ("6M FY2020"). The decrease was mainly attributed to the Investment Holding segment which registered a decrease of RM0.48 million in revenue due to lower distribution income from investments upon disposal of financial assets in 6M FY2020 and the drop in interest income following the drop in interest rates by the licensed banks.

The loss in 6M FY2021 was RM7.72 million compared with RM6.33 million in 6M FY2020, an increase of 22% was attributed largely to losses in Hospitality segment impacted by the imposition of various movement restrictions by the Malaysian government which restricted business activities during these periods.

Review of segmental performance:

(i) Investment Holding

The Investment Holding segment narrowed its loss after tax from RM1.26 million in 6M FY2020 to RM0.65 million in 6M FY2021, attributed to on-going cost reduction measures.

(ii) Structured Financing

The Structured Financing segment recorded a lower profit after tax of RM0.15 million in 6M FY2021 from RM0.19 million profit before tax in 6M FY2020, resulted from lower interest income.

(iii) Hospitality

The Hospitality segment recorded loss of RM7.22 million in 6M FY2021 as compared to RM5.26 million in 6M FY2020. This marked a decrease of RM1.96 million or 37% mainly due to the Covid-19 pandemic that severely impacted the tourism, travel and hospitality industries. The Covid-19 pandemic led to the implementation of the various movement restrictions by the Malaysian government, resulted in low hotels' occupancies in 6M FY2021.

17 Review of performance (cont'd.)

(b) Quarter ended 30 June 2021 compared with quarter ended 30 June 2020

For the current financial quarter ended 30 June 2021 ("Q2 FY2021"), the Group recorded a total revenue of RM1.04 million, a decrease of 29% compared with RM1.46 million recorded in the preceding year corresponding quarter ended 30 June 2020 ("Q2 FY2020").

The loss after tax in Q2 FY2021 was RM5.43 million compared with RM4.17 million in Q2 FY2020, an increase of 30%. The increase in loss was mainly attributed to the Investment Holding segment which registered an increase of RM0.98 million in loss mainly due to dividend income of RM1.50 million received from a joint venture company was reclassified from revenue to reduce the carrying amount of investment in joint ventures as at 30 June 2021.

Review of segmental performance:

(i) Investment Holding

In Q2 FY2021, increase in loss after tax from Investment Holding segment was mainly due to dividend income of RM1.50 million received from a joint venture company was reclassified from revenue to reduce the carrying amount of investment in joint ventures.

(ii) Structured Financing

The Structured Financing segment recorded a lower profit after tax of RM0.08 million in Q2 FY2021 from RM0.11 million profit before tax in Q2 FY2020, resulted from lower interest income.

(iii) Hospitality

The Hospitality segment recorded loss of RM3.67 million in Q2 FY2021 as compared to RM3.42 million in Q2 FY2020, reflects the difficult operating conditions in light of the Covid-19 pandemic.

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

	Current quarter	Immediate
	30-Jun-21	preceding quarter
	RM'000	31-Mar-21
		RM'000
Revenue	1,036	4,467
Other income	169	189
Operating expenses	(5,232)	(5,283)
Operating loss	(4,027)	(627)
Finance costs	(456)	(453)
Share of results of joint ventures	(928)	(1,182)
Loss before tax	(5,411)	(2,262)
Income tax expense	(23)	(24)
Loss for the period attributable to owners of the Company	(5,434)	(2,286)

The Group's loss for the current quarter of RM5.43 million, an increase of 138% as compared with loss of RM2.29 million in the immediate preceding quarter, mainly resulted from dividend income of RM1.50 million received from a joint venture company was reclassified from revenue to reduce the carrying amount of investment in joint ventures as at 30 June 2021.

The losses recorded was attributed largely to the continued losses in the Hospitality segment which was impacted by the effect of the Covid-19 pandemic. The demand for hotel stays by both leisure and business segments were severely impacted in view of the suspension of air services and the closure of national borders regionally and the Government of Malaysia's mandated restriction of movement.

19 Group's prospects

The Covid-19 pandemic continues to impact the Group's hospitality portfolio. 2021 has seen the Group's hotels operate within the context of the continued closure of international borders and the restrictions placed on hotels and the population in general under the Malaysian Government's Movement Control Orders and National Recovery Phases. As such, occupancies and rates remain weak and although demand will likely increase in-line with a lift in local travel restrictions and a high vaccination rate, a sustained recovery is unlikely until international borders reopen, and this is unlikely in the near to medium term.

20 Profit forecast

The Group did not issue any profit forecast or profit guarantee for the current financial quarter.

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21 Loss before tax

	Quarter Ended		Year-to-Date Ended	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	RM'000	RM'000	RM'000	RM'000
Loss before tax for the period is stated after charging/(crediting):				
Auditors' remuneration	64	17	113	34
Allowance for expected credit losses of receivables	-	14	-	14
Amortisation of intangible assets	4	-	20	-
Depreciation of property, plant and equipment	675	148	1,320	288
Depreciation of right-of-use assets	287	120	579	170
Loss on foreign exchange translation	5	2	10	3
Interest expense	438	243	871	517
Interest expense on lease liabilities	18	21	38	27
Loss on disposal of property, plant and equipment	-	-	-	4
Employee benefits expense	1,966	1,500	3,905	3,445
Reclassification of dividend income received from a joint venture company to investment in joint ventures (Note 8(a))	(1,500)	-	-	-
Rental income of premises	(61)	(118)	(122)	(118)
Net gain on financial assets at fair value through profit or loss	-	2	-	(128)
Interest income	(182)	(275)	(357)	(747)

Other than the above items, there were no other investment income, write off of receivables, gain or loss on disposal of properties, impairment of assets and exceptional items for the current financial quarter and year-to-date ended 30 June 2021.

22 Income tax expense

	Quarter Ended		Year-to-Date Ended	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	RM'000	RM'000	RM'000	RM'000
In respect of current period				
Total income tax expense, representing current period's provision	23	26	47	53

The effective tax rates of the Group for the current and previous corresponding periods were higher than the statutory tax rate of 24% principally due to certain expenses being not deductible for tax purposes.

23 Dividend

No dividend has been proposed for the current quarter and year-to-date ended 30 June 2021.

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24 Group Borrowings

The Group's borrowings as at 30 June 2021 are as follows:

	RM'000
Current	
Secured term loan	538
Secured revolving credit	<u>20,212</u>
	20,750
Non-current	
Secured term loan	<u>18,411</u>
Total borrowings	<u>39,161</u>

The Company has provided corporate guarantee for the Group Borrowings disclosed above.

25 Material litigations

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

26 Loss per ordinary share

(a) Basic loss per ordinary share

The basic loss per ordinary share is calculated by dividing the Group's loss for the reporting period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the reporting period.

	Quarter Ended		Year-to-Date Ended	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Loss for the period attributable to owners of the Company (RM'000)	<u>(5,434)</u>	(4,171)	<u>(7,720)</u>	(6,329)
Weighted average number of ordinary shares in issue ('000)	<u>479,926</u>	479,926	<u>479,926</u>	479,926
Basic loss per ordinary share (sen)	<u>(1.13)</u>	(0.87)	<u>(1.61)</u>	(1.32)

(b) Diluted loss per ordinary share

The Group has no dilution in its loss per ordinary share in the current quarter and year-to-date ended 30 June 2021 as there are no dilutive potential ordinary share.

Date: 25 August 2021