

OLYMPIA INDUSTRIES BERHAD

(Company No. 63026-U)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2019

(The figures have not been audited)

	CURRENT		YEAR TO DATE	
	3 Months Ended		12 Months	12 Months
	31.12.2019	31.12.2018	Ended	Ended
	RM'000	RM'000	31.12.2019	31.12.2018
			RM'000	RM'000
CONTINUING OPERATIONS :				
Revenue	33,804	79,172	125,018	170,852
Operating expenses	(31,141)	(76,627)	(108,325)	(161,488)
Other income	1,341	10,216	4,055	34,595
Other expenses	(20,264)	(8,130)	(28,911)	(14,525)
Operating (loss) / profit	(16,260)	4,631	(8,163)	29,434
Finance costs	(2,847)	(3,584)	(10,406)	(14,036)
(Loss) / profit before tax	(19,107)	1,047	(18,569)	15,398
Income tax expense	(2,990)	(2,936)	(4,090)	(2,966)
(Loss) / profit after tax from continuing operations	(22,097)	(1,889)	(22,659)	12,432
DISCONTINUED OPERATIONS :				
Loss after tax from discontinued operations	-	(191)	-	(137)
(Loss) / profit after tax :	(22,097)	(2,080)	(22,659)	12,295

(Loss) / profit attributable to:				
- Owners of the Company :				
- continuing operations	(22,091)	(2,369)	(22,763)	11,990
- discontinued operations	-	(191)	-	(137)
	(22,091)	(2,560)	(22,763)	11,853
- Non-controlling interests :				
	(6)	480	104	442
	(22,097)	(2,080)	(22,659)	12,295

Other comprehensive income :				
- Foreign currency translation				
	-	(299)	-	-
	-	(299)	-	-
Other comprehensive (loss) / profit for the period	(22,097)	(2,379)	(22,659)	12,295

Total comprehensive (loss) / income attributable to:				
- Owners of the Company :				
- continuing operations	(22,091)	(2,668)	(22,763)	11,990
- discontinued operations	-	(191)	-	(137)
	(22,091)	(2,859)	(22,763)	11,853
- Non-controlling interests :				
	(6)	480	104	442
	(22,097)	(2,379)	(22,659)	12,295

(Loss) / profit per share attributable to Owners of the Company :

Basic (Sen) :				
- continuing operations	(2.2)	(0.2)	(2.2)	1.2
- discontinued operations	-	-	-	-
	(2.2)	(0.2)	(2.2)	1.2
Diluted (Sen) :				
- continuing operations	(2.2)	(0.2)	(2.2)	1.2
- discontinued operations	-	-	-	-
	(2.2)	(0.2)	(2.2)	1.2

The unaudited Condensed Consolidated Statement 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 the Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

(The figures have not been audited)

	As at 31.12.2019 RM'000	As at 31.12.2018 RM'000 (Restated)	As at 1.1.2018 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	3,981	7,277	9,813
Right-of-use assets	4,504	-	-
Land held for property development	235,134	235,077	234,907
Investment properties	316,300	330,280	330,280
Derivative financial asset	-	-	22
	559,919	572,634	575,022
Current assets			
Inventories	16,693	13,222	61,365
Amount due from associates	1	11	-
Amount due from affiliated companies	1,247	1,231	3,283
Trade and other receivables	4,158	20,038	14,032
Investment in securities	35,299	25,508	16,568
Tax refundable	102	249	-
Cash and bank balances	33,846	31,011	29,637
	91,346	91,270	124,885
Assets of disposal group classified as held for sale / discontinuing operations	-	-	64,916
	91,346	91,270	189,801
TOTAL ASSETS	651,265	663,904	764,823
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share Capital	295,384	295,384	295,384
Merger deficit	(233,884)	(233,884)	(233,884)
Retained earnings	358,974	381,737	369,867
Reserves of disposal group classified as held for sale	-	-	2,217
	420,474	443,237	433,584
Non-controlling interests	771	667	1,492
Total equity	421,245	443,904	435,076
Non-current liabilities			
Loans and borrowings	150,048	151,400	169,827
Lease liabilities	3,022	-	-
Deferred tax liabilities	4,114	2,660	2,597
Derivative financial liability	987	110	-
	158,171	154,170	172,424
Current liabilities			
Amount due to associates	1	19	17
Amount due to affiliated companies	34,315	34,897	88,534
Trade and other payables	33,732	30,036	23,503
Loans and borrowings	87	878	727
Lease liabilities	1,345	-	-
Tax payable	2,369	-	2,567
	71,849	65,830	115,348
Liabilities directly associated with disposal group classified as held for sale / discontinuing operations	-	-	41,975
	71,849	65,830	157,323
Total liabilities	230,020	220,000	329,747
TOTAL EQUITY AND LIABILITIES	651,265	663,904	764,823
Net assets per share attributable to owners of the Company (RM)	0.41	0.43	0.42

The unaudited Condensed Consolidated Statement 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 to the Interim Financial Statements.

OLYMPIA INDUSTRIES BERHAD
(Company No. 63026-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2019
(The figures have not been audited)

	---Attributable to Owners of the Company ---					Total RM'000	Non- Controlling Interests RM'000	Equity RM'000
	-----Non-distributable -----		Retained Earnings / (Accumulated Losses) RM'000	Reserves of disposal group classified as held for sale RM'000				
	Share Capital RM'000	Other Reserves RM'000						
Balance at 1 January 2019, as previously reported	296,984	906	(233,884)	342,625	-	406,631	4,220	410,851
Prior year adjustments	(1,600)	(906)	-	39,112	-	36,606	(3,553)	33,053
Balance at 1 January 2019, as restated	295,384	-	(233,884)	381,737	-	443,237	667	443,904
Total comprehensive (loss) / income	-	-	-	(22,763)	-	(22,763)	104	(22,659)
Balance at 31 December 2019	295,384	-	(233,884)	358,974	-	420,474	771	421,245
Balance at 1 January 2018, as previously reported	296,984	906	(233,884)	330,755	2,217	396,978	5,045	402,023
Prior year adjustments	(1,600)	(906)	-	39,112	-	36,606	(3,553)	33,053
	295,384	-	(233,884)	369,867	2,217	433,584	1,492	435,076
Effects of MFRS 9 adoption	-	-	-	(103)	-	(103)	-	(103)
Balance at 1 January 2018, as restated	295,384	-	(233,884)	369,764	2,217	433,481	1,492	434,973
Total comprehensive income	-	-	-	11,853	-	11,853	442	12,295
Effect of disposal of subsidiaries	-	-	-	120	(2,217)	(2,097)	(1,267)	(3,364)
Balance at 31 December 2018	295,384	-	(233,884)	381,737	-	443,237	667	443,904

The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the Notes to the Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2019
(The figures have not been audited)

	12 Months Ended 31.12.2019 RM'000	12 Months Ended 31.12.2018 RM'000
Cash flows from operating activities		
(Loss) / profit before tax :-		
- continuing operations	(18,569)	15,398
- discontinued operations	-	(122)
	<u>(18,569)</u>	<u>15,276</u>
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	1,620	4,248
Amortisation of transaction cost on borrowings	165	-
Written off :-		
- bad debts	190	3,474
- property, plant and equipment	17	11
Bad debts recovered	-	(738)
(Gain) / loss on disposal of property, plant and equipment	(3)	1
(Gain) / loss on fair value changes on :-		
- investment securities	(33)	138
- derivative financial instrument	877	132
- investment properties	13,980	-
Writedown of :-		
- inventories	1,200	-
Gain on disposal of :-		
- investment in subsidiaries	-	(25,554)
Allowance for impairment of :-		
- trade and other receivables	37	96
Reversal of allowances for impairment of :-		
- amounts due from associates	-	(257)
- trade and other receivables	(69)	(4,030)
Unrealised foreign exchange losses	58	(21)
Dividend income	(1,012)	(805)
Interest income on :-		
- fixed deposits	(897)	(2,864)
Finance costs	10,170	14,037
	<u>26,300</u>	<u>(12,132)</u>
Operating profit before working capital changes	7,731	3,144
Changes in working capital:		
Decrease / (increase) in receivables	15,722	(6,006)
(Increase) / decrease in inventories	(5,871)	48,143
Net changes in the balances with affiliated companies	(599)	(51,585)
Increase in land held for property development	-	(170)
Net changes in the balances with associated companies	(8)	(9)
Increase in payables	11,787	5,073
	<u>21,031</u>	<u>(4,554)</u>
Cash generated from operations	28,762	(1,410)
Tax paid	(3,428)	(4,180)
Interest paid	(10,406)	(14,037)
Interest received	897	2,864
Net cash generated from operating activities	<u>15,825</u>	<u>(16,763)</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2019**
(The figures have not been audited)

	12 Months Ended 31.12.2019 RM'000	12 Months Ended 31.12.2018 RM'000
Cash flows from investing activities		
Dividend received	1,012	805
Proceeds from disposal of :-		
- investment securities	49,910	49,417
- property, plant and equipment	3	-
- subsidiaries	-	25,431
Purchase of investment securities	(59,718)	(57,174)
Purchase of property, plant and equipment	(3,261)	(1,715)
Net cash (used in) / generated from investing activities	(12,054)	16,764
Cash flows from financing activities		
Proceeds from borrowings	3,000	-
Repayment of borrowings	(3,000)	-
Repayment of term loan	-	(19,400)
Repayment of hire purchase payables	(2,121)	(514)
Placement of monies in trust fund	(666)	-
Net movement in securities placed with licensed bank	2,503	-
Upliftment of fixed deposits with licensed banks	660	10,003
Placement of trust monies for dealers' representatives	-	551
Net cash generated from / (used in) financing activities	376	(9,360)
Net increase / (decrease) in cash and cash equivalents	4,147	(9,359)
Effect of exchange rate changes	14	(216)
Cash and cash equivalents at beginning of year	25,289	34,864
Cash and cash equivalents at end of the year	29,450	25,289

Cash and cash equivalents at the end of the period comprise the following :-

	12 Months Ended 31.12.2019 RM'000	12 Months Ended 31.12.2018 RM'000
Deposits with financial institutions	20,290	23,451
Cash and bank balances	13,556	7,560
	33,846	31,011
Less: Interest reserve deposits	(4,396)	(5,722)
	29,450	25,289

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the Notes to the Interim Financial Statements.

A1. Basis of preparation

The interim financial statements have been prepared under historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 : Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Olympia Industries Berhad (“OIB” or “Company”) and its subsidiary companies (hereinafter referred to as the “Group”) since the financial year ended 31 December 2018.

A2. Changes in accounting policies

The accounting policies and methods of computation for the Interim Financial Statements are consistent with those adopted for the annual audited financial statements ended 31 December 2018 except as follows :-

(i) Standards, Amendments and Annual Improvements to Standards effective for financial periods beginning on or after 1 January 2019

On 1 January 2019 the Group and Company adopted the following new and amended MFRS and IC interpretations mandatory for annual financial periods beginning on or after 1 January 2019 :

MFRS 16 Leases

Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

Prepayment Features with Negative Compensation (Amendments to MFRS 9)

Annual Improvements to MFRS Standards 2015-2017 Cycle :-

- (i) Previously Held Interest in a Joint Operation (Amendments to MFRS 3 Business Combinations)
- (ii) Previously Held Interest in a Joint Operation (Amendments to MFRS 11 Joint Arrangements)
- (iii) Income Tax Consequences of Payments on Financial Instruments Classified as Equity (Amendments to MFRS 112 Income Taxes)
- (iv) Borrowing Costs Eligible for Capitalisation (Amendments to MFRS 123 Borrowing Costs)

Adoption of the the above standards and interpretations did not have any significant impact on the interim financial statements of the Group, except as discussed below :

MFRS 16 Leases

MFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like earning before interest, tax, depreciation and amortization (“EBITDA”) will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under MFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group has adopted the modified retrospective approach and has recognised right-of-use (“ROU”) assets and lease liabilities amounting to RM3.5 million as at 1 January 2019. In addition, RM1.8 million relating to certain leases were reclassified from property, plant and equipment and reclassified to the ROU balances.

A : EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

A2. Changes in accounting policies (cont'd)

(ii) Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intends to adopt these standards, if applicable, when they become effective :

	<u>Effective date</u>
Definition of a Business (Amendments to MFRS 3)	1 January 2020
Definition of Material (Amendments to MFRS 101)	1 January 2020
Definition of Material (Amendments to MFRS 108)	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

The Group is studying the impact of adopting these standards. However, adoption of the the above standards and interpretations are not expected to have any significant impact on the interim financial statements of the Group.

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 was not subject to qualification.

A4. Comments about seasonal or cyclical factors

The Group's business operations are not significantly affected by any seasonal or cyclical factors.

A5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A6. Changes in estimates

There were no material changes to the estimates of amounts reported in prior quarter of the current financial period or changes to the estimates of amounts reported in prior financial years that have a material effect in the current quarter.

A7. Debts and equity securities

There were no issuance, cancellation, repurchase, resale or repayment of debts and equity securities for the current quarter.

A8. Dividend paid

No dividend has been paid and/or recommended for the current financial year to-date.

A9. Segmental information

Results for 12 months ended 31 December 2019 :

	Property Development RM'000	Gaming RM'000	Leasing RM'000	Investment Holding & Others RM'000	Adjustment / Elimination RM'000	Consolidated RM'000
Revenue						
External customers	2,225	105,521	17,270	1	-	125,018
Inter-segment	-	4,221	5,743	3,500	(13,464)	-
Total revenue	<u>2,225</u>	<u>109,742</u>	<u>23,013</u>	<u>3,501</u>	<u>(13,464)</u>	<u>125,018</u>
Results						
Segment results	(4,334)	8,895	(5,066)	7,412	(23,630)	(8,163)
Finance costs	(270)	(126)	(7,235)	(3,089)	314	(10,406)
(Loss) / profit before tax	<u>(4,604)</u>	<u>8,769</u>	<u>(12,301)</u>	<u>4,323</u>	<u>(23,316)</u>	<u>(18,569)</u>
Income tax (expense)/credit	(19)	(2,184)	(1,908)	21	-	(4,090)
(Loss)/profit for the year	<u>(4,623)</u>	<u>6,585</u>	<u>(14,209)</u>	<u>4,344</u>	<u>(23,316)</u>	<u>(22,659)</u>

A : EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

A9. Segmental information (cont'd)

Comparative results for 12 months ended 31 December 2018 :

	Financial Services (discontinued) RM'000	Property Development RM'000	Gaming RM'000	Leasing RM'000	Investment Holding & Others RM'000	Adjustment / Elimination RM'000	Consolidated RM'000
Revenue							
External customers	-	49,233	101,440	20,179	-	-	170,852
Inter-segment	-	-	4,054	6,808	2,500	(13,362)	-
Total revenue	-	49,233	105,494	26,987	2,500	(13,362)	170,852
Results							
Segment results	361	(4,720)	7,858	7,442	30,078	(11,585)	29,434
Finance costs	-	(25)	(11)	(9,869)	(4,156)	25	(14,036)
Profit/(Loss) before tax	361	(4,745)	7,847	(2,427)	25,922	(11,560)	15,398
Income tax (expense)/credit	-	(1,039)	(1,819)	(813)	705	-	(2,966)
Profit/(Loss) for the year	361	(5,784)	6,028	(3,240)	26,627	(11,560)	12,432

A10. Valuation of investment properties

During the current financial year, Menara Olympia and its adjoining leased car park ("Menara Olympia") of Dairy Maid Resort & Recreation Sdn Bhd ("DMRR"), a wholly-owned subsidiary of the Company was revalued to reflect the fair value of Menara Olympia in accordance with Malaysian Financial Reporting Standards ("MFRS") 140: Investment Properties.

The resulting fair value deficit of RM8.8 million net of deferred tax from the valuation has been charged out to the income statement during the current financial year under review. Net assets per share of the group has thus decreased by RM0.01 per share as a result. The valuation was carried out by an independent firm of professional valuer, Knight Frank Malaysia Sdn Bhd using Investment and Comparison methods.

During the current financial year, the group's portfolio of 4 units of luxurious 4-storey bungalows in Kenny Heights ("Villas") owned by certain subsidiaries of the Company was revalued to reflect the fair value of the Villas in accordance with MFRS 140: Investment Properties.

The resulting fair value deficit totalling RM4.0 million net of deferred taxes from the valuation has been charged out to the income statement during the current financial year under review. However there was no material impact to the net assets per share of the group. The valuation was carried out by an independent firm of professional valuer, Raine & Horne International Zaki + Partners Sdn Bhd using the Comparison method as the main approach.

A11. Subsequent events

There were no material events subsequent to the end of the year to-date ended 31 December 2019.

A12. Changes in composition of the Group

There were no changes in the composition of the Group during the quarter and year to-date ended 31 December 2019.

A13. Changes in contingent liabilities and contingent assets

There were no changes in other contingent liabilities and contingent assets since the last audited statement of financial position as at 31 December 2018.

A14. Capital commitments

There were no capital commitments contracted but not provided for in the interim financial statements as at 31 December 2019.

A15. Prior year adjustments

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<u>At 31 December 2018 :</u>			
Condensed Consolidated Statement of Changes in Equity			
Share capital	296,984	(1,600)	295,384
Retained earnings	342,625	39,112	381,737
Other reserves: Foreign currency	906	(906)	-
Non-controlling interests	4,220	(3,553)	667
Condensed Consolidated Statement of Financial Position			
Land held for property development	202,025	33,052	235,077
<u>At 1 January 2018 :</u>			
Condensed Consolidated Statement of Changes in Equity			
Share capital	296,984	(1,600)	295,384
Retained earnings	330,755	39,112	369,867
Other reserves: Foreign currency	906	(906)	-
Non-controlling interests	5,045	(3,553)	1,492
Condensed Consolidated Statement of Financial Position			
Land held for property development	201,855	33,052	234,907

During the year, the Company restated the Statement of Financial Position and Statement of Changes in Equity as at 31 December 2018, and the Statement of Financial Position as at the beginning of the preceding year at 1 January 2018 due to the following :-

- realignment of excess contributed capital post-adoption of Company Act 2016 previously transferred from capital reserves in prior years against share capital of the Company;
- reversal of balance foreign exchange reserves which arose in prior years from translation of financial statements of foreign operations and exchange differences arising from monetary items which formed part of the Group's previous net investment in such foreign operations;
- the reversal of writedown of land held for property development of RM33.1 million in Jelebu as it was determined that there was an increase in the estimated net realisable values of the land; and
- adjustment made to non-controlling interest balances due to effects arising from dilution of interests in subsidiaries not accounted for in prior years.

**B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

B1. Performance review

		Individual Period (4th Quarter)				Cumulative Period (12 months year-to-date)			
		Current year 31.12.2019	Preceding year 31.12.2018	+ / -		Current year 31.12.2019	Preceding year 31.12.2018	+ / -	
RM'000									
Revenue	- continuing op.	33,804	79,172	(45,368)	-57%	125,018	170,852	(45,834)	-27%
	- discontinued op.	-	98,889	(98,889)	-100%	-	7,209	(7,209)	-100%
		33,804	178,061	(144,257)	-81%	125,018	178,061	(53,043)	-30%
(Loss) / profit b4 tax	- continuing op.	(19,107)	1,047	(20,154)	-1925%	(18,569)	15,398	(33,967)	-221%
	- discontinued op.	-	14,229	(14,229)	-100%	-	(122)	122	100%
		(19,107)	15,276	(34,383)	-225%	(18,569)	15,276	(33,845)	-222%
(Loss) / profit after tax	- continuing op.	(22,097)	(1,889)	(20,208)	-1070%	(22,659)	12,432	(35,091)	-282%
	- discontinued op.	-	(191)	191	100%	-	(137)	137	100%
		(22,097)	(2,080)	(20,017)	-962%	(22,659)	12,295	(34,954)	-284%

Table 1: Financial review for current quarter & financial year-to-date

Current Quarter vs Previous Corresponding Quarter Last Year

The Group reported a consolidated revenue of RM33.8 million for the current quarter under review as compared to RM79.2 million in the previous corresponding quarter of last year, a decline of 57.3% or RM45.4 million in the Group's revenue. Gaming division remains the main contributor of the Group, making up 81.2% or RM27.5 million of total revenue to the Group for the current quarter.

The Group reported a loss before tax of RM19.1 million for the current quarter compared to a RM1.0 million profit before tax in the previous corresponding quarter last year.

The variance in comparing both financial quarters is mainly due to :

- i) Property Development segment – lower profits due to fair value losses on valuation of Villas in the current quarter, and none during the corresponding quarter last year.
- ii) Gaming division – lower profit due to higher payout ratio of 69.3%, up from 62.6% in the corresponding quarter last year, offset by higher average sales value per draw during the current quarter.
- iii) Leasing segment – lower profits during the current quarter mainly due to lower occupancy and average rental rates.
- iv) Investment Holding segment – lower profits due to fair value losses on valuation of Menara Olympia in the current quarter, and none during the corresponding quarter last year.

YTD (12 months) Q4 FY 2019 vs YTD (4 months) Q4 2019

The Group reported a loss before tax of RM18.6 million during the 12 months ended 31 December 2019 compared to a RM15.4 million profit before tax in the corresponding 12 months period last year.

The variance is mainly due to:

- i) Property Development segment – lower profits due to fair value losses on valuation of Villas in the in the current year, and none during last year.
- ii) Gaming division – higher profits due to lower payout ratio and higher average sales value per draw in the corresponding 12 months period last year.
- iii) Investment Holding segment – lower profits due to fair value losses on valuation of Menara Olympia in the current year, and none in last year.

**B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

B2. Comparison with immediate preceding quarter's results

		Current quarter	Immediate preceding quarter		
RM'000		31.12.2019	30.9.2019	+ / -	
Revenue	- continuing op.	33,804	91,214	(57,410)	-63%
	- discontinued op.	-	-	-	0%
		33,804	91,214	(57,410)	-63%
(Loss) / profit b4 tax	- continuing op.	(19,107)	538	(19,645)	-3651%
	- discontinued op.	-	-	-	0%
		(19,107)	538	(19,645)	-3651%
Loss after tax	- continuing op.	(22,097)	(562)	(21,535)	-3832%
	- discontinued op.	-	-	-	0%
		(22,097)	(562)	(21,535)	-3832%

Table 2: Financial review for current quarter compared with immediate preceding quarter

B2. Comparison with immediate preceding quarter's results (cont'd)

The Group reported a loss before tax of RM19.1 million for the current quarter compared to RM0.5 million profit before tax in the immediate preceding quarter. This is mainly due to :

- Property Development segment – lower profits due to fair value losses on valuation of Villas in the current quarter, and none during the immediate preceding quarter.
- Gaming division – lower profits due to higher payout ratio at 69.3%, up from 57.7% in the immediate preceding quarter.
- Investment Holding segment – lower profits due to a fair value losses on valuation of Menara Olympia in the current quarter, and none during the immediate preceding quarter.

B3. Commentary of prospects

Given the current negative sentiments, the Group's property division's joint venture are unlikely to unveil new products until the economy and the external environment becomes more conducive. The Group expects its gaming division's performance in Sabah to be improving on new products and promotional activities. Leasing division is expected to remain steady and maintain its present level of performance for the next financial year.

B4. Profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee during the current quarter and year to-date under review.

B5. Taxation

Current Quarter	Cumulative Year to-date
3 Months	12 Months
31.12.2019	31.12.2019
RM'000	RM'000

CONTINUING OPERATIONS :-

Current tax : Malaysian	(1,493)	(2,513)
Prior year tax : Malaysian	84	4
Deferred tax : Malaysian	(1,581)	(1,581)

TOTAL :

(2,990)	(4,090)
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The Group's effective tax rate is higher than the statutory tax rate of 24% (2018: 24%) due additional assessments on disallowed expenses on certain subsidiaries of the Group.

B6. Corporate proposals

There were no outstanding corporate proposals announced but not completed as at 21 February 2020, being 7 days from the date of issuance of these interim financial statements.

**B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

B7. Borrowings and debt securities

Group borrowings	----- As at 31.12.2019 -----		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short term:			
Hire purchase payables	87	-	87
	87	-	87
Long term:			
Term loans	149,961	-	149,961
Hire purchase payables	87	-	87
	150,048	-	150,048
	150,135	-	150,135

All borrowings are denominated in Ringgit Malaysia.

B8. Derivative Financial Instrument

The nature of all outstanding derivatives as at 31 December 2019 are disclosed as follows :-

Type of Derivative	Remaining tenure	As at 31.12.2019		Classification in Statement of Financial Position			
		Contract / notional value RM'000	Fair value deficit RM'000	Derivative financial assets		Derivative financial liabilities	
				Non-current RM'000	Current RM'000	Non-current RM'000	Current RM'000
Interest rate swap ("IRS")	< 2 years	120,000	(987)	-	-	(987)	-

The Group had in prior years entered into an IRS contract to manage its exposure to interest rate risks by converting its floating rate liabilities to fixed rate liabilities in order to limit the Group's exposure to unfavourable interest rate fluctuations on the underlying debt instrument, specifically a long term loan included under Note B7.

The IRS for the term loan was entered into for 5 years with a fixed swap rate of 3.75%.

Since its inception, there has been no change to the type of derivative financial contracts entered into, the risks associated with the derivative, the cash requirements of the derivative, the risk management objectives and policies to mitigate these risks, and the related accounting policies.

B9. Changes in material litigation

The list of material litigation is announced to Bursa Malaysia together with this Interim Financial Report. Other than as disclosed in the attached list of material litigation, there are no material litigations that have material effect to the Group at the date of this report.

B10. Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this report.

B11. Dividend payable

No dividend has been declared for the previous financial year ended 31 December 2018.

**B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA
MALAYSIA SECURITIES BERHAD**

B12. Notes to the condensed consolidated statement of comprehensive income

The following amount have been credited/(charged) in arriving at profit/(loss) before tax:

	Quarter ended		Financial year ended	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Interest income	471	456	897	1,014
Interest expense	(2,856)	(3,355)	(10,170)	(13,807)
Dividend income	406	243	1,012	805
Depreciation on property, plant and equipment	2	(1,106)	(1,620)	(4,249)
Property, plant and equipment written off	(2)	(1)	(17)	(2)
Gain on disposal of property, plant and equipment	-	-	3	-
Unrealised loss on foreign exchange	5	(61)	(58)	(63)
Gain on disposal of investment in subsidiaries	-	35,985	-	59,023
Loss on fair value changes on investment properties	(13,980)	-	(13,980)	-
Writedown of inventories	(1,200)	-	(1,200)	-
Amortisation of transaction costs on borrowings	-	(123)	(165)	(490)
Gain/(Loss) on fair value changes of investment securities	270	(9)	33	(138)
Impairment loss on receivables	(34)	(49)	(37)	(49)
Reversal of impairment loss on receivables	3	3,236	69	3,989

B13. Earnings/(Loss) per share

a) Basic

The basic earnings/(loss) per share for the quarter and cumulative period to date is computed as follows:

	Quarter ended		Financial year ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
(Loss)/profit attributable to Owners of the Company (RM'000) :-				
- continuing operations	(22,091)	(2,369)	(22,763)	11,990
- discontinued operations	-	(191)	-	(137)
	(22,091)	(2,560)	(22,763)	11,853
Weighted average number of ordinary shares in issue ('000)	1,023,432	1,023,432	1,023,432	1,023,432
(Loss)/earnings per share (Sen) :-				
- continuing operations	(2.2)	(0.2)	(2.2)	1.2
- discontinued operations	-	-	-	-
	(2.2)	(0.2)	(2.2)	1.2

b) Diluted

As there are no potential dilutive ordinary shares outstanding at reporting date, the diluted earnings per share is the same as the basic earnings per share.

On behalf of the Board
OLYMPIA INDUSTRIES BERHAD

Lim Yoke Si
Company Secretary

Kuala Lumpur
28 February 2020