

OLYMPIA INDUSTRIES BERHAD

(Reg. No. 198001009242 (63026-U))

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**FOR THE QUARTER ENDED 30 JUNE 2021**

(The figures have not been audited)

	CURRENT		YEAR TO DATE	
	3 Months Ended		6 Months	6 Months
	30.6.2021	30.6.2020	Ended	Ended
	RM'000	RM'000	30.6.2021	30.6.2020
			RM'000	RM'000
Revenue	15,748	4,464	33,278	32,153
Operating expenses	(15,212)	(5,714)	(29,955)	(30,363)
Other income	1,448	928	2,244	1,382
Other expenses	(3,557)	(21,434)	(6,995)	(24,875)
Operating loss	(1,573)	(21,756)	(1,428)	(21,703)
Finance costs	(2,111)	(2,277)	(3,948)	(4,449)
Loss before tax	(3,684)	(24,033)	(5,376)	(26,152)
Income tax (expense)/credit	-	2,293	(48)	1,921
Loss for the period, representing total comprehensive loss for the period	(3,684)	(21,740)	(5,424)	(24,231)

Attributable to:				
- Owners of the Company :	(3,683)	(21,739)	(5,422)	(24,229)
- Non-controlling interests :	(1)	(1)	(2)	(2)
	<u>(3,684)</u>	<u>(21,740)</u>	<u>(5,424)</u>	<u>(24,231)</u>

Loss per share attributable to Owners of the Company :

Basic (Sen) :	<u>(0.4)</u>	<u>(2.1)</u>	<u>(0.5)</u>	<u>(2.4)</u>
Diluted (Sen) :	<u>(0.4)</u>	<u>(2.1)</u>	<u>(0.5)</u>	<u>(2.4)</u>

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

OLYMPIA INDUSTRIES BERHAD
(Reg. No. 198001009242 (63026-U))

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

(The figures have not been audited)

	As at 30.6.2021 RM'000 (Unaudited)	As at 31.12.2020 RM'000 (Audited)
ASSETS		
Non-current assets		
Plant and equipment	2,817	3,145
Right-of-use assets	3,047	4,214
Land held for property development	221,709	218,813
Investment properties	280,000	295,700
	507,573	521,872
Current assets		
Inventories	13,586	13,693
Trade and other receivables	3,976	4,421
Amounts due from affiliated companies	169	75
Tax refundable	2,262	2,464
Investment securities	29,404	29,390
Cash and bank balances	36,330	30,005
	85,727	80,048
TOTAL ASSETS	593,300	601,920
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	295,384	295,384
Merger deficit	(233,884)	(233,884)
Retained earnings	308,789	314,211
	370,289	375,711
Non-controlling interests	764	766
Total equity	371,053	376,477
Non-current liabilities		
Borrowings	150,000	150,000
Other payable	699	1,301
Lease liabilities	124	2,724
Deferred tax liabilities	1,812	1,812
Derivative financial liability	540	1,623
	153,175	157,460
Current liabilities		
Trade and other payables	26,343	29,892
Amount due to affiliated companies	39,773	36,353
Borrowings	-	300
Lease liabilities	2,545	993
Tax payable	411	445
	69,072	67,983
Total liabilities	222,247	225,443
TOTAL EQUITY AND LIABILITIES	593,300	601,920
Net assets per share attributable to owners of the Company (RM)	0.36	0.37

The unaudited condensed consolidated statement 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 to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2021
(The figures have not been audited)

	---Attributable to Owners of the Company ---			Non-controlling interests RM'000	Equity RM'000	
	Share capital RM'000	Non-distributable Merger deficit RM'000	Retained earnings RM'000			Total RM'000
Balance at 1 January 2021	295,384	(233,884)	314,211	375,711	766	376,477
Total comprehensive loss	-	-	(5,422)	(5,422)	(2)	(5,424)
Balance at 30 June 2021	295,384	(233,884)	308,789	370,289	764	371,053
Balance at 1 January 2020	295,384	(233,884)	342,653	404,153	771	404,924
Total comprehensive loss	-	-	(24,229)	(24,229)	(2)	(24,231)
Balance at 30 June 2020	295,384	(233,884)	318,424	379,924	769	380,693

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 2020 and the notes to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2021
(The figures have not been audited)

	6 Months Ended 30.6.2021 RM'000	6 Months Ended 30.6.2020 RM'000
Cash flows from operating activities		
Loss before tax	(5,376)	(26,152)
Adjustments for non-cash items:		
Depreciation of plant and equipment	409	610
Depreciation of right-of-use assets	466	486
Amortisation of transaction cost on borrowings	-	37
Gain on disposal of plant and equipment	-	(6)
Fair value loss / (gain) on :-		
- investment securities	112	328
- derivative financial liability	(1,083)	1,464
- investment properties	-	20,000
Reversal of allowances for impairment of		
- investment securities	(4)	-
other receivables	(107)	(35)
Unrealised loss on foreign exchange	-	59
Dividend income	(307)	(512)
Interest income on fixed deposits	(157)	(227)
Finance costs	3,948	4,449
	<u>3,277</u>	<u>26,653</u>
Operating (loss)/profit before working capital changes	(2,099)	501
Changes in receivables	552	(141)
Changes in inventories	107	(20)
Changes in affiliated companies	3,326	1,920
Changes in land held for property development	(2,896)	-
Changes in payables	(4,499)	(9,860)
	<u>(3,410)</u>	<u>(8,101)</u>
Cash flows used in operations	(5,509)	(7,600)
Tax paid	121	(1,484)
Net cash used in operating activities	(5,388)	(9,084)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2021
(The figures have not been audited)

	6 Months Ended 30.6.2021 RM'000	6 Months Ended 30.6.2020 RM'000
Cash flows from investing activities		
Dividend received	307	512
Proceeds from disposal of :-		
- investment securities	5,206	11,550
- plant and equipment	-	6
- investment properties	15,700	-
Purchase of investment securities	(5,325)	(5,626)
Purchase of plant and equipment	(81)	(212)
Interest received	157	227
Net cash generated from investing activities	15,964	6,457
Cash flows from financing activities		
Repayments of borrowings	(300)	-
Net movement in securities placed with licensed bank	400	508
Withdrawal of fixed deposits with licensed banks	(1,150)	1,517
Interest paid	(3,948)	(4,449)
Net cash used in financing activities	(4,998)	(2,424)
Net increase/(decrease) in cash and cash equivalents	5,578	(5,051)
Effect of exchange rate changes	(3)	(7)
Cash and cash equivalents at beginning of the period	12,557	14,901
Cash and cash equivalents at end of the period	18,132	9,843

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

	6 Months Ended 30.6.2021 RM'000	6 Months Ended 30.6.2020 RM'000
Deposits with financial institutions	18,913	17,630
Cash and bank balances	17,417	9,133
	36,330	26,763
Less: Deposits with licensed banks with maturity periods of more than 3 months	(14,710)	(13,032)
Less: Interest reserve deposits	(3,488)	(3,888)
	18,132	9,843

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2020.

As at 30 June 2021, the Group has net assets of RM371,053,000 and net current assets of RM16,655,000. However, the Group incurred a loss after tax of RM5,424,000 and negative net operating cash flows of RM5,388,000 for the financial period to-date ended 30 June 2021. The operations, results and financial position of the Group are also expected to be adversely impacted by the effects of the Covid-19 pandemic, as disclosed in Notes B1 and B3.

The Group has a secured term loan of RM120 million which is included in non-current liabilities and is due for partial repayments commencing from August 2023 and full repayment in August 2026. The Group has been granted temporary indulgence from the remediation of certain security maintenance margin and interest service coverage ratio requirements for the financial year ended 31 December 2020. The Group intends to request for additional indulgence on the compliance with these ratios. In the event that indulgence is not granted, the ability of the Group to comply with these term loan covenants subsequent to 31 December 2020 are dependent on amongst others, the improvement in the market conditions for the leasing of office space and the management's efforts to improve the tenancy rates of the investment property to achieve profitable operations.

The Group has certain unencumbered assets including certain land held for development and inventories of the Group, which will be disposed of as part of the management's plans to gradually reduce the level of the borrowings of the Group. However, due to the uncertain outlook for the property market, the Group may not be able to liquidate these assets to realise their full values within a short period should the need arise.

These conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

Nevertheless, the financial statements of the Group have been prepared on a going concern basis. The ability of the Group to continue as a going concern is dependent on, amongst others, the ability of its subsidiaries to achieve profitable operations, which are dependent on the positive effects of the resumption of the gaming operations, improvement in the market conditions for the leasing of office space and the management's efforts to improve the tenancy rates of the investment property.

After considering all pertinent information, including the forecasted cash flow requirements of the Group for the foreseeable future and the availability and value of assets of the Group which may be liquidated or used as additional collateral if required, the Directors have concluded the going concern assumption remains appropriate for the Group.

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 subsidiaries (hereinafter referred to as the "Group") since the financial year ended 31 December 2020.

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 2020 except as follows :-

(i) Standards, Amendments and Annual Improvements to Standards effective for financial periods beginning on or after 1 January 2021

On 1 January 2021 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 2021 :

Effective for annual periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
--	--

The adoption of the above standards and interpretations did not have any significant impact on the interim financial statements of the Group.

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 financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective:

Effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020 Cycle
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates

Effective date deferred indefinitely:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
---------------------------------------	--

The adoption of the above standards, amended standards and interpretation will not have material impact on the financial statements of the Group and of the Company in the period of initial application.

A3. Auditors' report on preceding annual financial statements

The Company's external auditors, Messrs. Ernst & Young PLT had expressed an unqualified opinion with a paragraph on material uncertainty related to going concern in respect of the financial statements of the Group and the Company for the financial year ended 31 December 2020.

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, except for the effects of the ongoing Covid-19 pandemic as further disclosed in Note B3.

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 period to-date.

A : EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

A9. Revenue

Set out below is the disaggregation of the Group's revenue from contract customers:

	Property Development		Gaming		Leasing		Investment Holding & Others		Total 6 months	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020	30.6.2021	30.6.2020	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Type of goods or service:</u>										
Sale of lottery tickets	-	-	26,494	24,118	-	-	-	-	26,494	24,118
Rental income from investment properties:										
- office building	-	-	-	-	6,672	7,913	-	-	6,672	7,913
- residential units	56	66	56	56	-	-	-	-	112	122
	<u>56</u>	<u>66</u>	<u>26,550</u>	<u>24,174</u>	<u>6,672</u>	<u>7,913</u>	<u>-</u>	<u>-</u>	<u>33,278</u>	<u>32,153</u>

Geographical markets:

Sabah	-	-	26,494	24,118	-	-	-	-	26,494	24,118
Kuala Lumpur	56	66	56	56	6,672	7,913	-	-	6,784	8,035
	<u>56</u>	<u>66</u>	<u>26,550</u>	<u>24,174</u>	<u>6,672</u>	<u>7,913</u>	<u>-</u>	<u>-</u>	<u>33,278</u>	<u>32,153</u>

Timing of revenue recognition:

Goods transferred at a point in time	-	-	26,494	24,118	-	-	-	-	26,494	24,118
Services transferred over time	56	66	56	56	6,672	7,913	-	-	6,784	8,035
	<u>56</u>	<u>66</u>	<u>26,550</u>	<u>24,174</u>	<u>6,672</u>	<u>7,913</u>	<u>-</u>	<u>-</u>	<u>33,278</u>	<u>32,153</u>

Set out below is the reconciliation of the Group's revenue from contract customers with the amounts disclosed in the segment information:

	Property Development		Gaming		Leasing		Investment Holding & Others		Total 6 months	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020	30.6.2021	30.6.2020	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue:</u>										
External customer	56	66	26,550	24,174	6,672	7,913	-	-	33,278	32,153
Inter-segment	-	-	1,060	965	2,871	2,871	1,750	1,750	5,681	5,586
	<u>56</u>	<u>66</u>	<u>27,610</u>	<u>25,139</u>	<u>9,543</u>	<u>10,784</u>	<u>1,750</u>	<u>1,750</u>	<u>38,959</u>	<u>37,739</u>
Adjustments and eliminations	-	-	(1,060)	(965)	(2,871)	(2,871)	(1,750)	(1,750)	(5,681)	(5,586)
Total revenue from from contracts with customers	<u>56</u>	<u>66</u>	<u>26,550</u>	<u>24,174</u>	<u>6,672</u>	<u>7,913</u>	<u>-</u>	<u>-</u>	<u>33,278</u>	<u>32,153</u>

A : EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

A10. Segmental information

Results for 6 months ended 30 June 2021 :

	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 - at a point in time	-	26,494	-	-	-	26,494
External customers - over time	56	56	6,672	-	-	6,784
Inter-segment	-	1,060	2,871	1,750	(5,681)	-
Total revenue	56	27,610	9,543	1,750	(5,681)	33,278
Results						
Segment results	(1,222)	(1,066)	2,029	(1,691)	523	(1,427)
Finance costs	(22)	(70)	(2,886)	(1,164)	194	(3,948)
Loss before tax	(1,244)	(1,136)	(857)	(2,855)	717	(5,375)
Income tax expense	-	(48)	-	-	-	(48)
Loss for the year	(1,244)	(1,184)	(857)	(2,855)	717	(5,423)

Comparative results for 6 months ended 30 June 2020 :

	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 - at a point in time	-	24,174	-	-	-	24,174
External customers - over time	66	-	7,913	-	-	7,979
Inter-segment	-	965	2,871	1,750	(5,586)	-
Total revenue	66	25,139	10,784	1,750	(5,586)	32,153
Results						
Segment results	(1,050)	(629)	(18,687)	944	(2,281)	(21,703)
Finance costs	-	-	(3,659)	(1,167)	377	(4,449)
Loss before tax	(1,050)	(629)	(22,346)	(223)	(1,904)	(26,152)
Income tax (expense)/credit	-	-	2,000	(79)	-	1,921
Loss for the year	(1,050)	(629)	(20,346)	(302)	(1,904)	(24,231)

A11. Valuation of investment properties

During the previous 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 reflected at fair value in accordance with Malaysian Financial Reporting Standards ("MFRS") 140: Investment Properties.

The Board of Directors have assessed and concluded that there is no change in the fair value of this property as at 30 June 2021, considering relevant information and market conditions prevailing as at 30 June 2021.

A12. Valuation of inventories

During the previous financial year, the Group's portfolio of completed residential property units which includes a unit of 4-storey town villa in Kenny Heights owned by a certain subsidiary of the Company was reflected at the lower of cost or net realisable value in accordance with MFRS 102: Inventories.

The Board of Directors have assessed and concluded that there is no change in the net realisable value of this property as at 30 June 2021, considering relevant information and market conditions prevailing as at 30 June 2021.

A13. Subsequent events

There were no material events subsequent to the end of the period to-date ended 30 June 2021.

A14. Changes in composition of the Group

There were no changes in the composition of the Group during the quarter and period to-date ended 30 June 2021.

A15. 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 2020.

A16. Capital commitments

There were no capital commitments contracted but not provided for in the interim financial statements as at 30 June 2021.

A17. Fair values of financial instruments

Financial instruments that are not carried at fair value

The following are classes of financial instruments at amortised cost whose carrying amounts are reasonable approximation of fair value:

Amounts due from/(to) affiliated companies
Trade and other receivables
Cash and bank balances
Loans and borrowings
Lease liabilities
Trade and other payables

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowings at the reporting date.

Financial instruments carried at fair value

Investment securities

The investment securities are classified as Level 1 within the fair value hierarchy. Fair value is determined directly by reference to their published market bid price at the reporting date.

Derivative

The derivative is classified as Level 2 within the fair value hierarchy. Fair value is determined by valuation techniques incorporating various inputs including the differential between the fixed and variable interest rates on the borrowing and the period to maturity of the derivative contract as at the reporting date.

There have been no transfers of financial instruments between the levels of fair value hierarchy during the period-to-date.

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

B1. Performance review

RM'000	Individual Period (2nd Quarter)				Cumulative Period (6 months period-to-date)			
	Current year 30.6.2021	Preceding year 30.6.2020	+ / -		Current year 30.6.2021	Preceding year 30.6.2020	+ / -	
Revenue	15,748	4,464	11,284	253%	33,278	32,153	1,125	3%
Loss before tax	(3,684)	(24,033)	20,349	85%	(5,376)	(26,152)	20,776	79%
Loss after tax	(3,684)	(21,740)	18,056	83%	(5,424)	(24,231)	18,807	78%

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 RM15.7 million for the current quarter under review as compared to RM4.5 million in the previous corresponding quarter of last year, an increase of 252.8% or RM11.3 million in the Group's revenue. The gaming division was the main contributor to the Group, contributing 79.2% or RM12.5 million of the total revenue of the Group for the current quarter.

The Group reported a loss before tax of RM3.7 million for the current quarter compared to a RM24.0 million loss before tax in the previous corresponding quarter last year.

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

- Gaming division—lower losses due to shorter period of temporary closure of gaming outlets during the 3rd round of Movement Control Order (MCO 3.0) for the whole month of June 2021 imposed by the government of Malaysia. This was on the back of a lower payout ratio of 67.7%, down from 88.0% in the corresponding quarter last year.
- Leasing division—lower loss due to RM18.0 million fair value loss on valuation of Menara Olympia in the corresponding quarter last year, and none during the current quarter.

YTD (6 months) Q2 FY 2021 vs YTD (6 months) Q2 FY 2020

The Group reported a loss before tax of RM5.4 million during the 6 months period ended 30 June 2021 compared to a RM26.2 million loss before tax in the corresponding 6 months period last year.

The variance is mainly due to:

- Gaming division—incurred marginally higher losses during the current 6 months period due to temporary closure of gaming outlets during both MCO 2.0 and MCO 3.0 in the first and second quarters of 2021 respectively. The division also recorded higher payout ratio of 64.1%, up from 60.9% in the corresponding 6 months period last year, as well as lower average sales value per draw during the same period.
- Leasing segment—comparatively higher profit in the current 6 months period mainly due to RM20.0 million fair value losses on valuation of Menara Olympia in last year corresponding period, and none in the current year to-date. Average rental rates rose marginally higher but occupancy rates declined during the current 6 months period under review compared to the corresponding 6 months period last year as the division was impacted by both the second and third rounds of the country-wide MCO.

B2. Comparison with immediate preceding quarter's results

RM'000	Current quarter 30.6.2021	Immediate preceding quarter 31.3.2021	+ / -	
	Revenue	15,748	17,530	(1,782)
Loss before tax	(3,684)	(1,692)	(1,992)	-118%
Loss after tax	(3,684)	(1,740)	(1,944)	-112%

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

The Group reported a loss before tax of RM3.7 million for the current quarter compared to RM1.7 million loss before tax in the immediate preceding quarter. This is mainly due to:

- Gaming division—higher losses in the current quarter due to temporary business closures during MCO 3.0, due to higher expenses and a higher payout ratio at 67.7%, up from 60.9% in the immediate preceding quarter.
- Leasing segment—higher losses during the current quarter compared to the immediate preceding quarter mainly due to decline in occupancy rate.

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

B3. Commentary of prospects

Given the current negative sentiments and uncertainties surrounding the real estate market for the immediate term, the Group's property division's joint venture is unlikely to unveil new products until the economy and the external environment becomes more conducive. The leasing division is expected to remain steady and maintain its present level of performance for the rest of the current financial year.

The Group is concerned with the current negative impact of the temporary closure of gaming outlets during the Movement Control Order (MCO 3.0), the worsening Covid-19 pandemic and political uncertainties in Malaysia which have a negative impact on the Group operations. Given the above, for FY 2021, the recovery of the Group's operations will be curtailed at current levels.

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 3 Months 30.6.2021 RM'000	Cumulative year to-date 6 Months 30.6.2021 RM'000
--	--	--

Current tax : Malaysian - (48)

TOTAL : - (48)

The Group's effective tax rate is higher than the statutory tax rate of 24% (2020: 24%) due to 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 17 August 2021, being 7 days from the date of issuance of these interim financial statements.

B7. Borrowings and debt securities

	----- As at 30.6.2021 -----		
Group borrowings	Secured RM'000	Unsecured RM'000	Total RM'000
Short term:			
Lease liabilities	2,545	-	2,545
	<u>2,545</u>	<u>-</u>	<u>2,545</u>
Long term:			
Term loans	150,000	-	150,000
Lease liabilities	124	-	124
	<u>150,124</u>	<u>-</u>	<u>150,124</u>
	<u>152,669</u>	<u>-</u>	<u>152,669</u>

All borrowings are denominated in Ringgit Malaysia.

Included in term loans is a secured term loan of RM120 million. Based on the facility agreement, the aggregate borrowings from this financial institution (including the interest rate swap derivative) which are outstanding shall not exceed a certain percentage of the value of the investment property which is used as security for this facility. In the event of any shortfall, the Group is required to provide additional collateral acceptable to the financial institution within 30 days of such demand by the financial institution. No such demand has been made as at the current date and the management of the Group has obtained a temporary relaxation of the security margin requirement.

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

B8. Derivative financial instrument

The nature of all outstanding derivatives as at 30 June 2021 are disclosed as follows :-

Type of Derivative	Remaining tenure	As at 30.6.2021		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")	<1 year	120,000	(540)	-	-	(540)	-

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% per annum.

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 these interim financial statements. 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 2020.

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 period ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	79	147	157	227
Interest expense	(2,111)	(2,733)	(3,948)	(4,449)
Dividend income	122	259	307	512
Depreciation on property, plant and equipment	(196)	(302)	(409)	(610)
Gain on disposal of property, plant and equipment	-	-	-	6
Unrealised loss on foreign exchange	-	(41)	-	(59)
Loss on fair value changes on investment properties	-	(20,000)	-	(20,000)
Amortisation of transaction costs on borrowings	-	-	-	(37)
Loss on fair value changes of investment securities	(23)	(38)	(112)	(328)
Fair value loss on derivative	543	(182)	1,083	(1,464)
Reversal of impairment loss on receivables	-	35	107	35

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

B13. Loss per share

a) Basic

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

	Quarter ended		Financial period ended	
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
Loss after tax attributable to owners of the Company (RM'000)	(3,683)	(21,739)	(5,422)	(24,229)
Weighted average number of ordinary shares in issue ('000)	1,023,432	1,023,432	1,023,432	1,023,432
Loss per share (Sen)	(0.4)	(2.1)	(0.5)	(2.4)

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
24 August 2021