

OLYMPIA INDUSTRIES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**FOR THE QUARTER ENDED 31 DECEMBER 2021**

(The figures have not been audited)

	CURRENT		YEAR TO DATE	
	3 Months Ended		12 Months	12 Months
	31.12.2021	31.12.2020	Ended	Ended
	RM'000	RM'000	31.12.2021	31.12.2020
			RM'000	RM'000
Revenue	20,747	15,571	59,628	74,300
Operating expenses	(19,613)	(14,214)	(58,849)	(69,260)
Other income	768	1,045	4,283	3,366
Other expenses	(1,603)	(2,664)	(8,505)	(30,028)
Operating profit/(loss)	299	(262)	(3,443)	(21,622)
Finance costs	(2,319)	(2,117)	(8,379)	(8,902)
Loss before tax	(2,020)	(2,379)	(11,822)	(30,524)
Income tax credit	300	228	326	2,077
Loss for the year, representing total comprehensive loss for the year	(1,720)	(2,151)	(11,496)	(28,447)

Attributable to:				
- Owners of the Company :	(1,722)	(2,150)	(11,493)	(28,442)
- Non-controlling interests :	2	(1)	(3)	(5)
	<u>(1,720)</u>	<u>(2,151)</u>	<u>(11,496)</u>	<u>(28,447)</u>

Loss per share attributable to Owners of the Company :

Basic (Sen) :	<u>(0.2)</u>	<u>(0.2)</u>	<u>(1.1)</u>	<u>(2.8)</u>
Diluted (Sen) :	<u>(0.2)</u>	<u>(0.2)</u>	<u>(1.1)</u>	<u>(2.8)</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 31 DECEMBER 2021

(The figures have not been audited)

	As at 31.12.2021 RM'000 (Unaudited)	As at 31.12.2020 RM'000 (Audited)
ASSETS		
Non-current assets		
Plant and equipment	2,617	3,145
Right-of-use assets	3,784	4,214
Land held for property development	218,813	218,813
Investment properties	280,000	295,700
Deferred tax assets	194	-
	505,408	521,872
Current assets		
Inventories	13,993	13,693
Trade and other receivables	4,481	4,421
Amounts due from affiliated companies	145	75
Tax refundable	2,770	2,464
Investment securities	28,044	29,390
Cash and bank balances	30,426	30,005
	79,859	80,048
TOTAL ASSETS	585,267	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	302,718	314,211
	364,218	375,711
Non-controlling interests	763	766
Total equity	364,981	376,477
Non-current liabilities		
Borrowings	150,000	150,000
Other payable	100	1,301
Lease liabilities	2,061	2,724
Deferred tax liabilities	1,850	1,812
Derivative financial liability	-	1,623
	154,011	157,460
Current liabilities		
Trade and other payables	25,340	29,892
Amount due to affiliated companies	39,357	36,353
Borrowings	-	300
Lease liabilities	1,222	993
Tax payable	356	445
	66,275	67,983
Total liabilities	220,286	225,443
TOTAL EQUITY AND LIABILITIES	585,267	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.

OLYMPIA INDUSTRIES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE QUARTER ENDED 31 DECEMBER 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	-	-	(11,493)	(11,493)	(3)	(11,496)
Balance at 31 December 2021	<u>295,384</u>	<u>(233,884)</u>	<u>302,718</u>	<u>364,218</u>	<u>763</u>	<u>364,981</u>
Balance at 1 January 2020	295,384	(233,884)	342,653	404,153	771	404,924
Total comprehensive loss	-	-	(28,442)	(28,442)	(5)	(28,447)
Balance at 31 December 2020	<u>295,384</u>	<u>(233,884)</u>	<u>314,211</u>	<u>375,711</u>	<u>766</u>	<u>376,477</u>

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 31 DECEMBER 2021
(The figures have not been audited)

	12 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2020 RM'000
Cash flows from operating activities		
Loss before tax	(11,822)	(30,524)
Adjustments for non-cash items:		
Depreciation of plant and equipment	752	1,074
Depreciation of right-of-use assets	1,002	1,122
Amortisation of transaction cost on borrowings	125	150
Gain on disposal of plant and equipment	(1)	(219)
Fair value loss / (gain) on :-		
- investment securities	204	99
- derivative financial liability	(1,623)	635
- investment properties	-	20,600
Writedown of inventories	-	300
Allowance for impairment of :-		
- other receivables	-	1
Reversal of allowances for impairment of :-		
- investment securities	(4)	-
- other receivables	(108)	(36)
Unrealised loss on foreign exchange	11	124
Dividend income	(582)	(807)
Interest income on fixed deposits	(731)	(666)
Finance costs	8,379	8,902
	<u>7,438</u>	<u>31,280</u>
Operating (loss)/profit before working capital changes	(4,384)	756
Changes in receivables	34	(227)
Changes in inventories	(300)	2,699
Changes in affiliated companies	2,934	3,211
Changes in payables	(6,200)	(6,466)
	<u>(3,532)</u>	<u>(783)</u>
Cash flows used in operations	(7,916)	(27)
Tax paid	(29)	(1,205)
Net cash used in operating activities	(7,945)	(1,232)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2021
(The figures have not been audited)

	12 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2020 RM'000
Cash flows from investing activities		
Dividend received	582	807
Proceeds from disposal of :-		
- investment securities	11,635	16,164
- plant and equipment	1	219
- investment properties	15,700	-
Purchase of investment securities	(10,486)	(10,355)
Purchase of plant and equipment	(990)	(311)
Interest received	731	666
Net cash generated from investing activities	17,173	7,190
Cash flows from financing activities		
Proceeds from drawdown of borrowings	-	300
Repayments of borrowings	(300)	-
Payment of transaction cost on borrowings	-	(1,200)
Net movement in securities placed with licensed bank	458	508
Withdrawal of fixed deposits with licensed banks	(256)	988
Interest paid	(8,505)	(8,902)
Net cash used in financing activities	(8,603)	(8,306)
Net increase/(decrease) in cash and cash equivalents	625	(2,348)
Effect of exchange rate changes	(3)	4
Cash and cash equivalents at beginning of the year	12,557	14,901
Cash and cash equivalents at end of the year	13,179	12,557

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

	12 Months Ended 31.12.2021 RM'000	12 Months Ended 31.12.2020 RM'000
Deposits with financial institutions	17,976	18,152
Cash and bank balances	12,450	11,853
	30,426	30,005
Less: Deposits with licensed banks with maturity periods of more than 3 months	(13,817)	(13,560)
Less: Interest reserve deposits	(3,430)	(3,888)
	13,179	12,557

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.

A : EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

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 31 December 2021, the Group has net assets of RM364,981,000 and net current assets of RM13,584,000. However, the Group incurred a loss after tax of RM11,496,000 and negative net operating cash flows of RM7,945,000 for the financial period to-date ended 31 December 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 until 31 December 2022.

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.

A : EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

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

(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 April 2021:

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

Amendments to MFRS 7	Disclosure of Accounting Policies
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
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendment to MFRS 17	Initial Application of MFRS 17 and MFRS 9 — Comparative Information

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
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A : EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

A2. Changes in accounting policies (cont'd.)

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

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

A8. Dividend paid

No dividend has been paid and/or recommended for the current financial year 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 12 months	
31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

Type of goods or service:

Sale of lottery tickets	-	-	45,903	55,052	-	-	-	-	45,903	55,052
Rental income from investment properties:										
- office building	-	-	-	-	13,612	15,897	-	-	13,612	15,897
- residential units	57	123	56	128	-	-	-	-	113	251
Sale of completed properties	-	3,100	-	-	-	-	-	-	-	3,100
	57	3,223	45,959	55,180	13,612	15,897	-	-	59,628	74,300

Geographical markets:

Sabah	-	-	45,903	55,052	-	-	-	-	45,903	55,052
Kuala Lumpur	57	3,223	56	128	13,612	15,897	-	-	13,725	19,248
	57	3,223	45,959	55,180	13,612	15,897	-	-	59,628	74,300

Timing of revenue recognition:

Goods transferred at a point in time	-	3,100	45,903	55,052	-	-	-	-	45,903	58,152
Services transferred over time	57	123	56	128	13,612	15,897	-	-	13,725	16,148
	57	3,223	45,959	55,180	13,612	15,897	-	-	59,628	74,300

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 12 months	
31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000

Revenue:

External customer	57	3,223	45,959	55,180	13,612	15,897	-	-	59,628	74,300
Inter-segment	-	-	1,836	2,202	5,291	5,743	3,500	3,500	10,627	11,445
	57	3,223	47,795	57,382	18,903	21,640	3,500	3,500	70,255	85,745
Adjustments and eliminations	-	-	(1,836)	(2,202)	(5,291)	(5,743)	(3,500)	(3,500)	(10,627)	(11,445)
Total revenue from contracts with customers	57	3,223	45,959	55,180	13,612	15,897	-	-	59,628	74,300

OLYMPIA INDUSTRIES BERHAD

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A : EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

A10. Segmental information

Results for 12 months ended 31 December 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	-	45,903	-	-	-	45,903
- over time	57	56	13,612	-	-	13,725
Inter-segment	-	1,836	5,291	3,500	(10,627)	-
Total revenue	57	47,795	18,903	3,500	(10,627)	59,628
Results						
Segment results	(3,978)	(2,198)	3,697	4,201	(5,165)	(3,443)
Finance costs	(22)	(154)	(5,705)	(2,856)	358	(8,379)
(Loss)/profit before tax	(4,000)	(2,352)	(2,008)	1,345	(4,807)	(11,822)
Income tax credit/(expense)	22	278	26	-	-	326
(Loss)/profit for the year	(3,978)	(2,074)	(1,982)	1,345	(4,807)	(11,496)

Comparative results for 12 months ended 31 December 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	-	55,052	-	-	-	55,052
- over time	3,223	128	15,897	-	-	19,248
Inter-segment	-	2,202	5,743	3,500	(11,445)	-
Total revenue	3,223	57,382	21,640	3,500	(11,445)	74,300
Results						
Segment results	(2,582)	(1,352)	(15,449)	(1,806)	(433)	(21,622)
Finance costs	(26)	(154)	(6,583)	(2,812)	673	(8,902)
Loss before tax	(2,608)	(1,506)	(22,032)	(4,618)	240	(30,524)
Income tax (expense)/credit	(20)	94	2,003	-	-	2,077
Loss for the year	(2,628)	(1,412)	(20,029)	(4,618)	240	(28,447)

A11. 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 reflected at fair value in accordance with Malaysian Financial Reporting Standards ("MFRS") 140: Investment Properties.

The fair value of this property is RM280.0 million as at 31 December 2021. The valuation was carried out by an independent firm of professional valuer, Knight Frank Malaysia Sdn Bhd using the investment method.

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 31 December 2021, considering relevant information and market conditions prevailing as at 31 December 2021.

A13. Subsequent events

There were no material events subsequent to the end of the year to-date ended 31 December 2021.

A14. 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 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 31 December 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 year to-date.

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

B1. Performance review

	Individual Period (4th Quarter)				Cumulative Year (12 months year-to-date)			
	Current year RM'000	Preceding year 31.12.2020			Current year 31.12.2021	Preceding year 31.12.2020		
	31.12.2021	31.12.2020	+ / -		31.12.2021	31.12.2020	+ / -	
Revenue	20,747	15,571	5,176	33%	59,628	74,300	(14,672)	-20%
Operating profit/(loss) {EBITDA}	811	298	513	172%	(1,689)	(19,966)	18,277	92%
Operating profit/(loss) before interest & tax {EBIT}	299	(262)	561	214%	(3,443)	(21,622)	18,179	84%
Loss before tax	(2,020)	(2,379)	359	15%	(11,822)	(30,524)	18,702	61%
Loss after tax	(1,720)	(2,151)	431	20%	(11,496)	(28,447)	16,951	60%
Loss attributable to Owners of the Company	(1,722)	(2,150)	428	20%	(11,493)	(28,442)	16,949	60%

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 RM20.7 million for the current quarter under review as compared to RM15.6 million in the previous corresponding quarter of last year, an increase of 33.2% or RM5.2 million in the Group's revenue. The gaming division continued to be the main contributor to the Group, contributing 82.8% or RM17.2 million of the total revenue of the Group for the current quarter.

The Group reported a loss before tax of RM2.0 million for the current quarter compared to a RM2.4 million loss before tax in the previous corresponding quarter last year.

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

- i) Gaming division–improved bottom line due to better sales results achieved during the current quarter. This was despite of a higher payout ratio of 57.4%, up from 57.0% in the corresponding quarter last year.
- ii) Leasing division–higher loss due to lower occupancy rate Menara Olympia during the current quarter, compared to the corresponding quarter last year.

YTD (12 months) Q4 FY 2021 vs YTD (12 months) Q4 FY 2020

The Group reported a loss before tax of RM11.8 million during the 12 months period ended 31 December 2021 compared to a RM30.5 million loss before tax in the corresponding 12 months period last year.

The variance is mainly due to:

- i) Gaming division–incurred higher losses during the current 12 months period due to temporary closures of gaming outlets during the current year's Movement Control Orders, as compared to last year's Movement Control Order and Conditional Movement Control Order. The division also recorded lower average sales value per draw despite lower payout ratio of 61.0%, down from 62.1% during the same period.
- ii) Leasing segment–higher profit in the current 12 months period mainly due to RM20.0 million fair value adjustment 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 12 months period under review compared to the corresponding 12 months period last year as the division was impacted by the Covid-19 pandemic.

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 31.12.2021	Immediate preceding quarter 30.9.2021	+ / -	
RM'000				
Revenue	20,747	5,603	15,144	270%
Operating profit/(loss) {EBITDA}	811	(1,947)	2,758	142%
Operating profit/(loss) before interest & tax {EBIT}	299	(2,314)	2,613	113%
Loss before tax	(2,020)	(4,426)	2,406	54%
Loss after tax	(1,720)	(4,352)	2,632	60%
Loss attributable to Owners of the Company	(1,722)	(4,349)	2,627	60%

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

The Group reported a loss before tax of RM2.0 million for the current quarter compared to RM4.4 million loss before tax in the immediate preceding quarter. This is mainly due to:

- i) Gaming division—returned to the black in the current quarter due to better sales results achieved during the current quarter, despite a higher payout ratio at 57.4%, up from 51.5% in the immediate preceding quarter.
- ii) Leasing segment—marginally higher losses during the current quarter compared to the immediate preceding quarter mainly due to slight decline in occupancy and average rental rates.

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 next financial year.

The Group is optimistic with the recommencement of gaming operations with effect from September 2021 and the Malaysian economic recovery going forward. Based on the above, for the coming FY2022, the recovery of the Group's operations will be maintained 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.

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

B5. Taxation

	Current quarter 3 Months 31.12.2021 RM'000	Cumulative year to-date 12 Months 31.12.2021 RM'000
Current tax : Malaysian	(34)	(34)
Prior year tax : Malaysian	22	87
Deferred tax : Malaysian	312	273
TOTAL :	300	326

The Group's effective tax rate is not equal to 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 18 February 2022, being 7 days from the date of issuance of these interim financial statements.

B7. Borrowings and debt securities

	----- As at 31.12.2021 -----			----- As at 31.12.2020 -----		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Group borrowings						
Short term:						
Term loans	-	-	-	300	-	300
Lease liabilities	1,222	-	1,222	993	-	993
	1,222	-	1,222	1,293	-	1,293
Long term:						
Term loans	150,000	-	150,000	150,000	-	150,000
Lease liabilities	2,061	-	2,061	2,724	-	2,724
	152,061	-	152,061	152,724	-	152,724
	153,283	-	153,283	154,017	-	154,017

All borrowings are denominated in Ringgit Malaysia.

Included in term loans is a secured term loan of RM120.0 million. Based on the facility agreement, the aggregate borrowings from this financial institution 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. The Group has been granted temporary indulgence from the remediation of certain security maintenance margin and interest service coverage ratio requirements until 31 December 2022.

B8. Derivative financial instrument

The Group has no outstanding derivative financial instruments.

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.

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

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 year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	454	263	731	666
Interest expense	(2,319)	(2,117)	(8,379)	(8,902)
Dividend income	137	147	582	807
Depreciation on property, plant and equipment	(170)	(171)	(752)	(1,074)
Gain on disposal of property, plant and equipment	1	-	1	219
Unrealised loss on foreign exchange	(1)	(30)	(11)	(124)
Loss on fair value changes on investment properties	-	(600)	-	(20,600)
Writedown of inventories	-	(300)	-	(300)
Amortisation of transaction costs on borrowings	(125)	(37)	(125)	(150)
Loss on fair value changes of investment securities	103	288	(204)	(99)
Fair value gain/(loss) on derivative	-	540	1,623	(635)
Impairment loss on receivables	-	7	-	(1)
Reversal of impairment loss on receivables	1	5	108	36

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 year ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Loss after tax attributable to owners of the Company (RM'000)	(1,722)	(2,150)	(11,493)	(28,442)
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)	(0.2)	(0.2)	(1.1)	(2.8)

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
25 February 2022