

ONLY WORLD GROUP HOLDINGS BERHAD (Company No.: 1033338-K)

INTERIM FINANCIAL REPORTING FOR THE THIRD QUARTER ENDED 31 MARCH 2016

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A9. Segmental Information (Cont’d)

- iv. The segmental result of the Group for the preceding year's corresponding period under review is set out below:

	9 months ended 31-Mar-2015					
	Food Service Operations RM	Amusement and Recreation Operations RM	Other Services RM	Total RM	Consolidated RM	The Group RM
Segment revenue						
- External revenue	49,026,572	13,388,513	4,067,758	66,482,843	-	66,482,843
- Inter segment revenue	4,459,400	-	930,469	5,389,869	(5,389,869)	-
Total segment revenue	53,485,972	13,388,513	4,998,227	71,872,712	(5,389,869)	66,482,843
Segment results	11,036,956	3,155,113	774,059	14,966,128	-	14,966,128
Tax expense	-	-	-	-	-	(3,664,032)
Profit for the financial period	-	-	-	-	-	11,302,096

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 31 March 2016 are as follows:-

	As at 31 March 2016 RM
Capital expenditure commitments	
Approved and contracted for	
- Refurbishment works and renovation of attractions & outlets	29,089,872
Approved but not contracted for	
- Refurbishment works and renovation of attractions & outlets	57,023,184

A11. Material Events Subsequent To the End of the Interim Period

There were no material events that have occurred from 1 April 2016 to the date of this report.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A13. Contingent Liabilities or Contingent Assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

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A14. Related Party Disclosures

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-16 RM	Preceding Year Corresponding Quarter 31-Mar-15 RM	Current Year To Date 31-Mar-16 RM	Preceding Year Corresponding Period 31-Mar-15 RM
Entities controlled by certain key management personnel:-				
Rental income	36,330	36,330	108,990	108,990
Purchase of plant and equipment	-	-	-	300,001
Rental expense	(348,897)	(270,000)	(1,032,291)	(810,000)

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B1. Review of Performance of the Group

a) Current Year to-date vs. Preceding Year Corresponding Period

The Group achieved revenue and profit before tax of RM75.24 million and RM15.76 million respectively for the 9 months financial period ended 31 March 2016. The revenue of RM75.24 million represented an increase of RM8.76 million or 13.2% as compared to the revenue of RM66.48 million recorded for the 9 months financial period ended 31 March 2015.

The increase in revenue was mainly contributed by food service operations of RM4.61 million and approximately RM1.94 million from amusement and recreation operations, respectively.

The increase in food service operations was due to the opening of a food service outlet in KOMTAR Penang, namely *59Sixty* in June 2015, which contributed RM7.12 million in revenue for the current year to-date.

For the amusement and recreation operations, the increase was mainly attributed to the commencement of the operations of Jungle Gym, Atria Mall in September 2015 which posted RM1.20 million in revenue for the current year to-date, as well as an increase in admission ticket and function sales in The Wet World Batu Pahat of RM1.12 million.

Other services segment recorded a revenue of RM6.27 million for the current year to-date, which represents an increase of 54.11% over the preceding year's corresponding period revenue of RM4.07 million, mainly due to an increase in revenue from the health and beauty salons arising from effective promotional strategies undertaken.

b) Current Quarter vs. Preceding Year Corresponding Quarter

The Group achieved revenue of RM24.21 million for the current financial quarter ended 31 March 2016. This is marginally higher by RM1.51 million or 6.65% over the revenue of the corresponding three (3) months period for the financial quarter ended 31 March 2015 of RM22.70 million.

Profit before tax of RM4.24 million for the current financial quarter decreased by RM1.15 million or 21.34% over the preceding year's quarter ended 31 March 2015 of RM5.39 million.

The decrease in profit before tax was mainly attributed to the higher cost of sales margin of 64.53% in the current quarter under review as compared to the cost of sales margin of 57.03% for the preceding year's quarter ended 31 March 2015. The higher cost of sales margin by 7.50% was mainly attributed to the levy of 6% Goods and Service tax which was effective on 1 April 2015.

As at 31 March 2016, the Group maintained a total of thirty (30) food service outlets against twenty seven (27) outlets for the financial quarter ended 31 March 2015.

Revenue generated from the food service operations segment increased marginally by 0.46% from RM17.27 million in the preceding year's quarter to RM17.35 million in the current financial quarter.

Revenue from food service operations increased mainly due to the opening of a food service outlet in KOMTAR Penang, namely *59Sixty* in June 2015, which contributed RM2.73 million in revenue for the 3 months quarter ended 31 March 2016.

However, this was partially offset by the decrease of RM3.27 million in revenue from several other food service outlets.

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b) Current Quarter vs. Preceding Year Corresponding Quarter (*cont’d*)

For the amusement and recreation operations, revenue increased marginally by RM0.87 million or 21.86% from RM3.98 million in the preceding year’s quarter to RM4.85 million in the current financial quarter.

The increase in revenue from amusement and recreation operations was mainly due to the commencement of operations of *Jungle Gym*, Atria Mall in September 2015 which contributed revenue of RM0.78 million in the current quarter.

Other services segment recorded a revenue of approximately RM2.01 million in the current financial quarter, an increase of RM0.57 million or 39.58% over the preceding year’s quarter revenue of RM1.44 million, mainly due to the promotional campaigns undertaken by the health and beauty salons.

B2. Variation of Results with the Immediate Preceding Quarter

	3 Months Ended		Deviation	
	31-Mar-16	31-Dec-15	Amount	
	RM	RM	RM	%
Revenue	24,211,601	28,345,869	(4,134,268)	(14.59)
Profit before tax	4,236,899	7,490,597	(3,253,698)	(43.44)

The Group’s revenue decreased by 14.59% from RM28.35 million in the immediate preceding quarter to RM24.21 million in the current financial quarter. Profit before tax of the Group decreased from RM7.49 million in the previous financial quarter to RM4.24 million in the current financial quarter representing a decrease of 43.44%.

The lower revenue and profit before tax in the current quarter as compared to the immediate preceding quarter was mainly due to the decrease in patronage in the current quarter, as compared to the immediate preceding financial quarter which coincided with year-end school holidays and festive seasons.

The Group’s operations are inherently seasonal in nature and generally experience increase in number of patrons during weekends, holidays and festive seasons, as well as school holidays.

B3. Prospects for the Group

The Board of Directors of OWG (“**Board**”) has in place a business and expansion plan moving forward, which are focused in the following areas:

- The KOMTAR Tower Revitalisation Project which upon completion will enhance the Group’s branding and physical presence in a new market. The project is expected to contribute positively to the Group’s financial position on completion;
- Opening “Fun, Food and Good Living” locations that package multiple F&B, attractions and other outlets in a single location with a unified theme, focusing on family-centric activities;
- Opening new food service outlets will enable us to expand the range of dining options that we provide and operate at new locations;
- Expand and enhance Wet World Water Park Shah Alam by executing the phase two (2) expansion plan; and

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B3. Prospects for the Group (Cont'd)

- Expand and enhance the Escaperoom in new market for greater exposure.

The Board is generally positive of the Group's performance but cautious of the prevailing economic conditions for the financial year.

B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Notes to the Statement of Profit or Loss and Other Comprehensive Income

Profit before tax for the current financial period is arrived at after charging/(crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	RM	RM	RM	RM
Depreciation of property, plant and equipment	1,634,476	2,510,359	4,557,223	4,568,896
Amortisation	34,446	157	48,342	473
Property, plant and equipment written off / (written back)	-	(752,139)	-	329,552
Gain on disposal of equipment	-	-	-	(5,667)
Listing expenses	-	213,496	-	555,134
Interest expense	330,899	304,658	969,039	928,868
Interest income	(93,793)	(476,352)	(376,119)	(707,045)

Save for the above, the other items as required under Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

B6. Income Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
	RM	RM	RM	RM
<u>Income Tax</u>				
Current tax expenses	1,205,465	1,331,720	4,228,642	3,664,032

The effective tax rate for the current quarter and financial year under review is higher than the statutory tax rate of 25% mainly due to certain expenses which are non-tax deductible.

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B7. Status of Corporate Proposals Announced

(i) Bonus Issue

On 12 November 2015, Public Investment Bank Berhad on behalf of the Board, announced that the Company is proposing to undertake the proposed bonus issue of up to 37,000,000 new ordinary shares of RM0.50 each in OWG (“**Share(s)**”) (“**Bonus Share(s)**”) to be credited as fully paid-up, on the basis of one (1) Bonus Share for every five (5) existing Shares held by the entitled shareholders of the Company on the entitlement date. Bursa Malaysia Securities Berhad (“**Bursa Securities**”) had vide its letter dated 24 November 2015, approved the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities.

The bonus issue was approved at an extraordinary general meeting on 29 December 2015 and the bonus issue was completed on 18 January 2016, following the listing and quotation for 36,999,990 Bonus Shares on the Main Market of Bursa Securities.

(ii) Private Placement of Shares

On 18 January 2016, the Company proposes to issue up to Twenty Two Million One Hundred Ninety Nine Thousand and Nine Hundred (22,199,900) shares which it proposes to offer to investors by way of private placements.

The issue price for its proposed private placement shares announced on 2 February 2016 is at RM2.20 per placement share.

On 17 February 2016, the first (1st) tranche of the Private Placement of Twelve Million (12,000,000) out of the Twenty Two Million One Hundred Ninety Nine Thousand and Nine Hundred (22,199,900) placement shares were completed and listed and quoted on the Main Market of Bursa Malaysia Securities Berhad. The gross proceeds from the Twelve Million (12,000,000) placement shares amounted to approximately RM26.4 million.

As at the date of this report, there are no other corporate proposals that are pending for completion.

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B8. Status of Proposed Utilisation of Proceeds

i. Utilisation of IPO Proceeds

The proceeds of approximately RM49.64 million from the IPO have been fully utilised as at 31 March 2016. The details of the utilisation of proceeds are as follows:

Details of the utilisation of proceeds	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation from the date of Listing
	RM'000	RM'000	RM'000	RM'000	
KOMTAR Tower Revitalisation Project	30,000	(30,000)	-	-	Within twenty four (24) months
Business expansion	13,000	(13,000)	-	-	Within twenty four (24) months
Working capital	2,305	(2,305)	-	-	Within twelve (12) months
Estimated listing expenses	4,335	(4,335)	-	-	Within three (3) months
Total	49,640	(49,640)	-	-	

ii. Utilisation of Proceeds from Private Placement of Shares

The proceeds of approximately RM26.40 million from the first (1st) tranche of the Private Placement of Twelve Million (12,000,000) placement shares, referred note B7 (ii), during the financial period were utilised as follows:

Details of utilisation of proceeds	Proposed utilisation	Actual proceeds raised	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation from the date of Private Placement
	RM'000	RM'000	RM'000	RM'000	RM'000	
Komtar Tower Revitalisation Project	48,000	25,921	(12,532)	-	13,389	Within twelve (12) months
Working capital	1,140	-	-	-	-	Within twelve (12) months
Estimated expenses in relation to the Private Placement	1,030	479	(479)	-	-	Within one (1) month
Total	50,170	26,400	(13,011)	-	13,389	

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("MFRS") 134, INTERIM FINANCIAL REPORTING**B9. Group Borrowings**

The Group's borrowings as at 31 March 2016 are as follows:

	Unaudited As at 31-Mar-16	Audited As at 30-Jun-15
	RM	RM
Long-term borrowings		
Secured:		
Hire purchase payables	4,234,364	733,298
Term loans	44,132,190	24,122,497
	<u>48,366,554</u>	<u>24,855,795</u>
Short-term borrowings		
Secured:		
Hire purchase payables	282,901	328,178
Term loans	1,878,168	1,741,176
	<u>2,161,069</u>	<u>2,069,354</u>
Total borrowings	<u>50,527,623</u>	<u>26,925,149</u>

B10. Material Litigation

The Group does not have any material litigation and the Directors are not aware of any proceedings pending or threatened against the Group as at the date of this interim financial report.

B11. Dividends

No dividend was declared for the quarter under review.

Total dividend paid current year to-date was 2.8 sen per share on 16 November 2015.

B12. Realised and Unrealised Profits

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

	Unaudited As at 31-Mar-16	Audited As at 30-Jun-15
	RM	RM
Total retained earnings		
- realised	87,441,786	81,227,615
- unrealised	(2,084,883)	(2,218,016)
	<u>85,356,903</u>	<u>79,009,599</u>
Add: consolidated adjustments	(329,262)	(113,759)
Total retained earnings	<u>85,027,641</u>	<u>78,895,840</u>

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B13. Earnings Per Share

(a) Basic Earnings per Share

The basic earnings per share for the current financial quarter and financial period to date are computed as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Mar-16 RM	Preceding Year Corresponding Quarter 31-Mar-15 RM	Current Year To Date 31-Mar-16 RM	Preceding Year Corresponding Period 31-Mar-15 RM
Profit for the period	2,926,089	4,042,120	11,311,801	11,242,894
Weighted average number of ordinary shares of RM0.50 each in issue	225,288,879	221,999,990	225,288,879	221,999,990
Basic Earnings Per Share (sen)	1.30	1.82	5.02	5.06

(b) Diluted Earnings Per Share

Diluted earnings per share were not computed as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial year-to-date.

By order of the Board

24 May 2016