

ONLY WORLD GROUP HOLDINGS BERHAD

(Company No.1033338-K)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

	Note	Individual Quarter		Cumulative Quarter	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
		31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
		RM	RM	RM	RM
REVENUE		33,193,645	28,345,869	61,659,292	51,025,171
COST OF SALES		(23,377,803)	(15,246,582)	(42,850,328)	(28,717,285)
GROSS PROFIT		9,815,842	13,099,287	18,808,964	22,307,886
OTHER INCOME		156,342	943,023	313,297	1,582,108
		9,972,184	14,042,310	19,122,261	23,889,994
SELLING AND DISTRIBUTION EXPENSES		(531,536)	(252,734)	(1,250,061)	(498,685)
ADMINISTRATIVE EXPENSES		(3,909,082)	(5,463,846)	(7,956,714)	(10,160,316)
OTHER EXPENSES		(741,741)	(454,637)	(1,823,024)	(904,743)
PROFIT FROM OPERATIONS		4,789,825	7,871,093	8,092,462	12,326,250
FINANCE COSTS		(573,783)	(380,496)	(981,272)	(807,205)
PROFIT BEFORE TAXATION	B5	4,216,042	7,490,597	7,111,190	11,519,045
INCOME TAX EXPENSE	B6	(1,805,200)	(2,054,772)	(3,245,291)	(3,023,177)
PROFIT AFTER TAXATION		2,410,842	5,435,825	3,865,899	8,495,868
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		2,410,842	5,435,825	3,865,899	8,495,868
PROFIT AFTER TAXATION ATTRIBUTABLE TO :-					
- Owners of the Company		2,705,838	5,334,437	4,029,972	8,385,710
- Non-Controlling interests		(294,996)	101,388	(164,073)	110,158
		2,410,842	5,435,825	3,865,899	8,495,868
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		2,705,838	5,334,437	4,029,972	8,385,710
- Non-Controlling interests		(294,996)	101,388	(164,073)	110,158
		2,410,842	5,435,825	3,865,899	8,495,868
Earnings per share (sen) attributable to Owners of the Company					
- Basic ⁽¹⁾	B13	1.15	2.36	1.72	3.70
- Diluted		N/A	N/A	N/A	N/A

Notes:

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited Consolidated Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to these audited financial statements.

N/A Not applicable.

(1) Based on weighted average number of issued and paid-up share capital during the periods.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	UNAUDITED AS AT 31-Dec-16	AUDITED AS AT 30-Jun-16
Note	RM	RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	245,338,765	199,256,988
Goodwill on consolidation	4,319,440	4,319,440
Intangible asset	578,666	586,052
Prepaid land lease payments	50,184	50,500
Deferred tax assets	141,000	141,000
Other investment	375,000	375,000
	250,803,055	204,728,980
CURRENT ASSETS		
Inventories	3,017,299	2,916,834
Trade receivables	2,721,012	985,279
Other receivables, deposits and prepayments	25,450,290	16,272,558
Tax recoverable	3,452,059	3,348,555
Deposits with licensed banks	12,305,991	18,649,604
Cash and bank balances	6,687,819	14,526,918
	53,634,470	56,699,748
TOTAL ASSETS	304,437,525	261,428,728
EQUITY AND LIABILITIES		
EQUITY		
Share capital	121,442,495	116,999,995
Share premium	34,670,229	20,481,554
Merger deficit	(56,777,171)	(56,777,171)
Revaluation reserve	9,538,719	9,538,719
Capital reserve	1,199,982	1,199,982
Retained profits	90,317,438	86,287,466
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	200,391,692	177,730,545
NON-CONTROLLING INTERESTS	2,063,787	2,227,860
TOTAL EQUITY	202,455,479	179,958,405
NON-CURRENT LIABILITIES		
Long term advances from a non-controlling interest	900,000	1,200,000
Long-term borrowings	B9 60,238,284	46,789,818
Deferred tax liabilities	2,371,929	2,206,929
Provision for restoration work	488,862	488,862
	63,999,075	50,685,609
CURRENT LIABILITIES		
Trade payables	6,093,240	3,704,901
Other payables, deposits received and accruals	16,034,176	16,887,302
Short-term borrowings	B9 9,184,346	8,728,541
Bank overdrafts	5,310,134	1,215,275
Provision for taxation	1,361,075	248,695
	37,982,971	30,784,714
TOTAL LIABILITIES	101,982,046	81,470,323
TOTAL EQUITY AND LIABILITIES	304,437,525	261,428,728
Net assets per share (excluding non-controlling interests) (RM)	0.86⁽¹⁾	0.78⁽¹⁾

Notes:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Consolidated Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to these audited financial statements.

(1) Based on the issued and paid-up share capital of 234,351,032 and 226,499,990 ordinary shares as at 31 December 2016 and 30 June 2016, respectively.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

	<----- NON-DISTRIBUTABLE ----->					DISTRIBUTABLE			
	SHARE CAPITAL RM	SHARE PREMIUM RM	MERGER DEFICIT RM	REVALUATION RESERVE RM	CAPITAL RESERVE RM	RETAINED PROFITS RM	ATTRIBUTABLE TO OWNERS OF PARENT RM	NON CONTROLLING INTEREST RM	TOTAL EQUITY RM
At 1 July 2015 (audited)	92,500,000	19,061,454	(56,777,171)	9,538,719	1,199,982	78,895,840	144,418,824	1,407,324	145,826,148
Profit after taxation / Total comprehensive income for the financial period	-	-	-	-	-	12,571,626	12,571,626	100,163	12,671,789
Transaction with owners of the Company									
- Dividend paid	-	-	-	-	-	(5,180,000)	(5,180,000)	-	(5,180,000)
- Bonus issue	18,499,995	(18,499,995)	-	-	-	-	-	-	-
- Issuance of new shares	6,000,000	20,400,000	-	-	-	-	26,400,000	-	26,400,000
- Shares Issuance expenses	-	(479,905)	-	-	-	-	(479,905)	-	(479,905)
	24,499,995	1,420,100	-	-	-	(5,180,000)	20,740,095	-	20,740,095
- Acquisition of a subsidiary company	-	-	-	-	-	-	-	720,373	720,373
Total transactions with owners	24,499,995	1,420,100	-	-	-	(5,180,000)	20,740,095	720,373	21,460,468
At 1 July 2016 (audited)	116,999,995	20,481,554	(56,777,171)	9,538,719	1,199,982	86,287,466	177,730,545	2,227,860	179,958,405
Profit after taxation / Total comprehensive income for the financial period	-	-	-	-	-	4,029,972	4,029,972	(164,073)	3,865,899
Transaction with owners of the Company									
- Issuance of new shares	4,442,500	14,482,550	-	-	-	-	18,925,050	-	18,925,050
- shares Issuance expenses (1)	-	(293,875)	-	-	-	-	(293,875)	-	(293,875)
Total transactions with owners	4,442,500	14,188,675	-	-	-	-	18,631,175	-	18,631,175
At 31 December 2016 (not audited)	121,442,495	34,670,229	(56,777,171)	9,538,719	1,199,982	90,317,438	200,391,692	2,063,787	202,455,479

Notes:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Consolidated Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to these audited financial statements.

(1) Share issue expenses for the issue of shares were set off against the share premium account under Section 60 of the Companies Act, 1965.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016 (Cont'd)

	UNAUDITED Current Year To Date 31-Dec-16 RM	UNAUDITED Preceding Year Corresponding Period 31-Dec-15 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	7,111,190	11,519,045
Adjustments for:-		
Allowance for impairment losses on receivables	-	12,634
Amortisation of prepaid land lease payments	316	1,262
Amortisation of trademark	7,386	-
Depreciation of property, plant and equipment	5,025,292	2,922,747
Interest expense	-	638,140
Interest income	(106,744)	(282,326)
Operating profit before working capital changes	12,037,440	14,811,502
(Increase)/decrease in inventories	(100,465)	176,091
Decrease in trade and other receivables	(10,913,465)	(7,861,238)
Increase in trade and other payables	1,235,214	380,083
CASH FROM OPERATIONS	2,258,724	7,506,438
Income tax paid	(2,071,416)	(2,606,167)
Income tax refunded	-	633,743
Interest paid	(2,370,873)	(638,140)
Interest received	106,744	23,804
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(2,076,821)	4,919,678
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	-	258,522
Placement of deposits pledged to a licensed bank and with maturity period of more than three months	(1,975,464)	(7,699,849)
Purchase of property, plant and equipment	(48,736,196)	(21,789,731)
Acquisition of a subsidiary, net of cash acquired	-	(4,872,960)
Purchase of unquoted shares	-	(375,000)
NET CASH FOR INVESTING ACTIVITIES	(50,711,660)	(34,479,018)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(5,180,000)
Gross proceeds from issuance of shares	18,925,050	-
Shares issuance expenses	(293,875)	-
Drawdown of hire purchase and lease payables	3,011,938	150,000
Repayment of hire purchase and lease obligations	(1,043,627)	(152,061)
Drawdown of term loans	13,398,535	16,846,871
Repayment of term loans	(1,462,575)	(775,820)
Repayment to a related party	-	1,732
NET CASH FROM FINANCING ACTIVITIES	32,535,446	10,890,722
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,253,035)	(18,668,618)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	21,168,220	36,987,492
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	915,185	18,318,874

ONLY WORLD GROUP HOLDINGS BERHAD (Company No.: 1033338-K)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016 (Cont'd)**

	UNAUDITED Current Year To Date 31-Dec-16	UNAUDITED Preceding Year Corresponding 31-Dec-15
	RM	RM
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:-		
- Deposit with licensed banks	12,305,991	17,558,218
- Cash and bank balances	6,687,819	8,460,505
- Bank overdrafts	(5,310,134)	-
	<u>13,683,676</u>	<u>26,018,723</u>
Less: Deposits pledged with licensed banks	(12,305,991)	(7,699,849)
Less: Bank balance held as escrow	(462,500)	-
	<u>915,185</u>	<u>18,318,874</u>

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Consolidated Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to these audited financial statements.

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

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited Consolidated Financial Statements for the financial year ended 30 June 2016 and the accompanying explanatory notes attached to these audited financial statements.

The group has adopted merger accounting method for the preparation of this Interim Financial Statements.

A2. Changes in Accounting Policies

During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequences amendments, if any):-

New MFRSs		
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments/Improvements to MFRSs		
MFRS 11	Accounting for Acquisitions of interest in Joint Operations	1 January 2016
MFRS 10, MFRS 12 & MFRS 128 (2011)	Investment Entities – Applying the Consolidation Exception	1 January 2016
MFRS 101	Presentation of Financial Statements – Disclosure Initiative	1 January 2016
MFRS 116 & MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
MFRS 119 & MFRS 141	Agriculture – Bearer Plants	1 January 2016
MFRS 127 (2011)	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle		1 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group’s financial statements.

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

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

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

A2. Changes in Accounting Policies (*Cont’d*)

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

New MFRSs		
MFRS 9	Financial Instruments – Classification and measurement of financial assets and financial liabilities	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 107	Statement of Cash Flows – Disclosure Initiatives	1 January 2017
MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 10 & MFRS 128	Sales or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred until further notice
Annual Improvements to MFRSs 2014 – 2016 Cycle		1 January 2018

The adoption of the above revised MFRSs, Amendments to MFRSs and IC Interpretation will not have any significant financial impact on the financial position and performance of the Group.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2016.

A4. Seasonal or Cyclical Factors

Our Group's operations are inherently seasonal in nature. The number of patrons usually increases during weekends and the holiday seasons.

A5. Item of Unusual Nature

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review.

A6. Material Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter and financial year-to-date results.

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter except for those disclosed in Note B7.

ONLY WORLD GROUP HOLDINGS BERHAD (Company No.: 1033338-K)**INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016****PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING****A8. Dividend Paid/Declared**

There were no dividends paid or proposed during the current financial period under review.

A9. Segmental Information

i. The segmental result of the Group for the current financial quarter under review is set out below:

	3 months ended 31 December 2016					
	Food Service Operations RM	Amusement and Recreation Operations RM	Other Services RM	Total RM	Consolidated RM	The Group RM
Segment revenue						
- External revenue	23,199,613	8,789,442	1,204,590	33,193,645	-	33,193,645
- Inter segment revenue	3,680,055	639,927	1,043,068	5,363,050	(5,363,050)	-
Total segment revenue	26,879,668	9,429,369	2,247,658	38,556,695	(5,363,050)	33,193,645
Segment results	5,051,403	4,391,650	(4,653,228)	4,789,825	-	4,789,825
Finance costs	-	-	-	-	-	(573,783)
Tax expense	-	-	-	-	-	(1,805,200)
Profit for the financial period	-	-	-	-	-	2,410,842

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

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

A9. Segmental Information (Cont’d)

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

	3 months ended 31 December 2015					
	Food Service Operations RM	Amusement and Recreation Operations RM	Other Services RM	Total RM	Consolidated RM	The Group RM
Segment revenue						
- External revenue	19,105,336	6,890,181	2,350,352	28,345,869	-	28,345,869
- Inter segment revenue	2,740,891	-	1,775,240	4,516,131	(4,516,131)	-
Total segment revenue	21,846,227	6,890,181	4,125,592	32,862,000	(4,516,131)	28,345,869
Segment results	3,770,538	2,943,901	1,156,654	7,871,093	-	7,871,093
Finance costs	-	-	-	-	-	(380,496)
Tax expense	-	-	-	-	-	(2,054,772)
Profit for the financial period	-	-	-	-	-	5,435,825

- iii. The segmental result of the Group for the current cumulative financial quarters under review is set out below:

	6 months ended 31 December 2016					
	Food Service Operations RM	Amusement and Recreation Operations RM	Other Services RM	Total RM	Consolidated RM	The Group RM
Segment revenue						
- External revenue	43,276,125	15,336,064	3,047,103	61,659,292	-	61,659,292
- Inter segment revenue	5,601,904	1,253,973	1,217,938	8,073,815	(8,073,815)	-
Total segment revenue	48,878,029	16,590,037	4,265,041	69,733,107	(8,073,815)	61,659,292
Segment results	7,601,973	6,177,057	(5,686,568)	8,092,462	-	8,092,462
Finance costs	-	-	-	-	-	(981,272)
Tax expense	-	-	-	-	-	(3,245,291)
Profit for the financial year	-	-	-	-	-	3,865,899

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 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:

	6 months ended 31 December 2015					
	Food Service Operations RM	Amusement and Recreation Operations RM	Other Services RM	Total RM	Consolidated RM	The Group RM
Segment revenue						
- External revenue	36,290,107	10,477,715	4,257,349	51,025,171	-	51,025,171
- Inter segment revenue	5,331,752	-	2,009,927	7,341,679	(7,341,679)	-
Total segment revenue	41,621,859	10,477,715	6,267,276	58,366,850	(7,341,679)	51,025,171
Segment results	5,965,085	3,996,207	2,365,958	12,326,250	-	12,326,250
Finance costs	-	-	-	-	-	(807,205)
Tax expense	-	-	-	-	-	(3,023,177)
Profit for the financial year	-	-	-	-	-	8,495,868

A10. Capital Commitments

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

Capital expenditure commitments	As at 31 December 2016 RM
Approved and contracted for - Refurbishment works and renovation of attractions & outlets	26,858,298
Approved but not contracted for - Refurbishment works and renovation of attractions & outlets	-

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

On 13 January 2017, the Group announced that a total of 14 outlets (comprising of food service, family attraction and retail outlets) located in the First World Hotel, Genting Highlands will be closed with effect from 12 February 2017 to facilitate the on-going redevelopment and transformation of Resorts World Genting ("Resorts World") ("Affected Outlets"). Despite the closure, the landlord will endeavor to earmark any suitable space opportunities for relocation of the Affected Outlets in newer areas of Resorts World.

The closure of the Affected Outlets will not have any operational impact on the other outlets of the Group but may have a financial impact to the Group as the Affected Outlets contributed approximately 39% and 59% to the total revenue and profit before taxation of the Group for the financial year ended 30 June 2016, respectively.

Notwithstanding the above, the Group is of the view that the financial impact would be mitigated by the following:

- (i) opening of 2 new food service outlets at Sky Avenue, Resorts World in December 2016;
- (ii) launch of The TOP at KOMTAR Tower, Penang in December 2016 (consisting of 9 food service outlets , 14 family attractions and 5 retail outlets); and
- (iii) the Group is in the midst of finalising the terms of the tenancy agreement with the landlord for the opening of food service outlets at Genting Premium Outlets, Resorts World.

A12. Changes in Composition of the Group

- i. On 4 October 2016, the Group announced the completion of the allotment of additional shares of Buckingham Dynasty Sdn. Bhd. ("BDSB") to Golden Venture Platform Sdn. Bhd. ("GVPSB") on 30 September 2016 pursuant to the terms of the Shareholders Agreement between Platinum Paradise Sdn. Bhd. ("PPSB"), a wholly owned subsidiary of Only World Group Holdings Berhad, Datin Sri Dato' Chew Lean Hong, the Executive Director / Group Chief Operating Officer of Only World Group Holdings Berhad ("OWG") and GVPSB on the subscription of equity shares in BDSB.

Following the completion of the allotment of additional shares in BDSB, the shareholding of PPSB in BDSB had been accordingly reduced from 100% to 70%.

- ii. On 4 October 2016, the Group announced that Magnificent Empire Sdn. Bhd., a wholly owned subsidiary of OWG, had on 30 September 2016 acquired for cash 2 ordinary share of RM1.00 each representing the entire issued and paid up capital of Tower Club Penang Berhad ("TCPB") from its 2 promoters, Dato' Sri Dato' Koh Cheng Keong and Datin Sri Dato' Chew Lean Hong, who are also the Managing Director/Group Chief Executive Officer and the Executive Director/Group Chief Operating Officer of OWG, respectively.

TCPB was incorporated on 19 April 2016 with an authorized share capital of RM5,000,000 of which 2 ordinary shares of RM1.00 each have been issued and fully paid up.

The intended principal activity of TCPB is to operate a membership proprietary club.

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.

ONLY WORLD GROUP HOLDINGS BERHAD (Company No.: 1033338-K)**INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016****PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING****A14. Related Party Disclosures**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-16	Preceding Year Corresponding Quarter 31-Dec-15	Current Year To Date 31-Dec-16	Preceding Year Corresponding Period 31-Dec-15
	RM	RM	RM	RM
(i) Entities controlled by certain key management personnel:-				
Rental income	36,330	36,330	72,660	72,660
Rental expense	(71,697)	(71,697)	(143,394)	(143,394)
(ii) Directors:-				
Rental expense	(270,000)	(270,000)	(540,000)	(540,000)

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INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance of the Group

a) Current Quarter vs. Preceding Year Corresponding Quarter

The Group achieved revenue and profit before taxation of RM33.19 million and RM4.22 million respectively for the current financial quarter ended 31 December 2016. The revenue of RM33.19 million represented an increase of RM4.84 million or 17.07% as compared to the revenue of RM28.35 million recorded for the corresponding three (3) months period for the financial quarter ended 31 December 2015.

The increase in revenue was mainly contributed by the food service operations and amusement and recreation operations of RM4.09 million and RM1.90 million, respectively.

As at 31 December 2016, the Group maintained a total of forty three (43) food service operation outlets against thirty (30) outlets for the financial period ended 31 December 2015.

The increase of revenue in food service operations was due mainly to:

- (i) the opening of new food service operation outlets on 18 December at The TOP, KOMTAR Tower, Penang, which contributed RM1.69 million in the current financial quarter;
- (ii) the opening of new food service operation outlets on 17 December in Skyway Avenue, Genting, namely Richdad and Babajia, which contributed RM0.3 million in revenue in the current financial quarter; and
- (iii) higher revenue contribution of RM2.1 million from existing food service operation outlets.

The amusement and recreation operations segments recorded an increase in revenue of RM1.90 million mainly attributed to the commencement of operations at The TOP, KOMTAR Tower, Penang in December 2016, which contributed RM1.62 million in revenue.

Other services segment recorded a revenue of RM1.20 million for the current financial quarter, a decrease of RM1.15 million or 48.94% over the preceding year's corresponding financial quarter's revenue of RM2.35 million. This is due mainly to a decrease in revenue sharing ratio with a service provider of 'photography services' by 7% in one of the service outlets that resulted in a decrease in revenue by RM1.04 million.

Profit before tax for the financial quarter under review was RM4.22 million as compared to RM7.49 million of the preceding financial quarter ended 31 December 2015.

The decrease in profit before tax of RM3.27 million was due mainly to the start-up costs for the opening of food operation service outlets and amusement and recreation outlets at The TOP, KOMTAR Tower, Penang of RM3.00 million before 18 December 2016.

B1. Review of Performance of the Group (cont'd)

b) Current Year to-date vs. Preceding Financial Year Corresponding Period

The Group achieved revenue and profit before taxation of RM61.66 million and RM7.11 million respectively for the current financial period ended 31 December 2016. The revenue of RM61.66 million represented an increase of RM10.63 million or 20.84% as compared to the revenue of RM51.03 million recorded for the corresponding six (6) months period for the financial period ended 31 December 2015.

The increase in revenue was mainly contributed by the food service operations and amusement and recreation operations of RM6.99 million and RM4.86, respectively.

The increase of revenue in food service operations of RM6.99 million was due mainly to:

- (i) the opening of new food service operation outlets on 18 December at The TOP, KOMTAR, which contributed RM2.73 million in the current financial quarter;
- (ii) the opening of new food service operation outlets on 17 December in Skyway Avenue, Genting, namely Richdad and Babajia, which contributed RM0.3 million in revenue in current financial quarter; and
- (iii) higher revenue contribution of RM3.9 million from other existing food service operation outlets.

The amusement and recreation operations segment recorded an increase in revenue of RM4.86 million mainly attributed to the commencement of the operations of The TOP, KOMTAR Tower, Penang in the current financial quarter, which contributed RM1.62 million in revenue.

Other services segment recorded a revenue of RM3.05 million for the six (6) months financial period ended 31 December 2016, a decrease of RM1.21 million or 28.40% over the preceding year's corresponding financial period's revenue of RM4.28 million. This is due mainly to a decrease in revenue sharing ratio with a service provider of 'photography services' by 7% in one of the service outlets that resulted in a decrease in revenue by RM1.78 million.

Profit before tax for the financial period under review was RM7.11 million as compared to RM11.52 million of the preceding financial quarter ended 31 December 2015.

The decrease in profit before tax of RM4.41 million was due mainly to the start-up costs for the opening of food operation service outlets and amusement and recreation outlets at KOMTAR, Penang of RM4.31 million.

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B2. Variation of Results with the Immediate Preceding Quarter**

	3 Months Ended		Deviation	
	31-Dec-16	30-Sept-16	Amount	
	RM	RM	RM	%
Revenue	33,193,645	28,465,647	4,727,998	16.61
Profit before tax	4,216,042	2,895,148	1,320,894	45.62

The Group's revenue increased by 16.61% from RM28.47 million in the immediate preceding quarter to RM33.19 million in the current financial quarter. Profit before taxation of the Group increased from RM2.90 million in the previous financial quarter to RM4.22 million in the current financial quarter representing an increase of 45.62%.

The higher revenue and profit before tax in the current quarter as compared to the immediate preceding quarter was mainly due to the launch of the TOP, KOMTAR Tower, Penang in December 2016 (consisting of 9 food service outlets, 14 family attractions and 5 retail outlets).

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:

- 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
- expand and enhance Escaperoom's brand name in new markets for greater exposure.

Premised on the above and barring any unforeseen circumstances, the Board is generally positive of the Group's performance but cautious of the prevailing economic conditions for the current financial year.

B4. Profit Forecast and Profit Estimate

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

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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 31-Dec-16	Preceding Year Corresponding Quarter 31-Dec-15	Current Year To Date 31-Dec-16	Preceding Year Corresponding Period 31-Dec-15
	RM	RM	RM	RM
Depreciation of property, plant and equipment	2,892,755	1,546,004	5,025,592	2,922,747
Amortisation of prepaid land lease and trade mark	631	631	1,262	1,262
Amortisation of intangible assets	19,044	13,738	48,748	13,896
Interest expense	573,783	315,138	981,272	638,140
Interest income	(70,349)	(123,811)	(106,744)	(282,326)

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 31-Dec-16	Preceding Year Corresponding Quarter 31-Dec-15	Current Year To Date 31-Dec-16	Preceding Year Corresponding Period 31-Dec-15
	RM	RM	RM	RM
<u>Income Tax</u>				
Current tax expenses	1,805,200	2,054,772	1,009,291	3,023,177
Over provision in prior years	-	-	2,236,000	-
	1,805,200	2,054,772	3,245,291	3,023,177

The effective tax rate for the current quarter and financial year under review is higher than the statutory tax rate of 24% mainly due to certain expenses which are non-tax deductible and over provision of tax expenses in prior years.

B7. Status of Corporate Proposals Announced

Private Placement of Shares

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

The issue price for its proposed private placement shares announced on 2 February 2016 was 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 Securities. The gross proceeds from the Twelve Million (12,000,000) placement shares amounted to approximately RM26.4 million.

On 29 July 2016, CIMB Investment Bank Berhad had on behalf of the Company, submitted an application to Bursa Securities for an extension of time of six (6) months to complete the Proposed Private Placement from 14 August 2016, being the last date to implement the Proposed Private Placement in accordance with Paragraph 6.62 of the Listing Requirements, to 14 February 2017.

Bursa Securities had on 15 August 2016 approved the extension of time to complete the Proposed Private Placement from 15 August 2016 to 14 February 2017.

On 13 October 2016, the 2nd tranche of Private Placement of 8,885,000 out of the remaining 10,199,900 placement shares of RM0.50 each were completed at an issue price of RM2.13 per ordinary share and listed and quoted on the Main Market of Bursa Securities. The gross proceeds from the 8,885,000 placement shares amounted to RM18,925,050. The resulting premium arising from the shares issued above of RM14,482,550 has been credited to the share premium account.

On 14 February 2017, the Company announced that the Proposed Private Placement is deemed to have been completed following the expiry of the additional listing application.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8. Status of Proposed Utilisation of Proceeds

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 to in note B7 (ii) has been fully utilised during the financial year ended 30 June 2016.

On 13 October 2016, the second (2nd) tranche of the Private Placement of Eight Million Eight Hundred and Eighty Five Thousand (8,885,000) placement shares at issue price of RM2.13 per placement share were issued and listed and quoted on the Main Market of Bursa Malaysia Securities Berhad. The net proceeds amounted to RM18,613,542.

The details of the utilisation as at 31 December 2016 are 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	44,534	(44,534)	-	-	Within twelve (12) months
Working capital	1,140	-	-	-	-	Within twelve (12) months
Estimated expenses in relation to the Private Placement	1,030	791	(791)	-	-	Within one (1) month
Total	50,170	45,325	(45,325)	-	-	

B9. Group Borrowings

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

	Unaudited As at 31-Dec-16	Audited As at 30-Jun-16
	RM	RM
Long-term borrowings		
Secured:		
Hire purchase / lease payables	2,484,510	2,283,755
Term loans	57,753,774	44,506,063
	60,238,284	46,789,818
Short-term borrowings		
Secured:		
Hire purchase / lease payables	3,334,046	1,566,490
Term loans	5,850,300	7,162,051
	9,184,346	8,728,541
Total borrowings	69,422,630	55,518,359

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

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.

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	Audited
	As at 31-Dec-16	As at 30-Jun-16
	RM	RM
Total retained earnings		
- realised	93,992,874	89,893,464
- unrealised	(2,371,929)	(2,065,929)
	<u>91,620,945</u>	<u>87,827,535</u>
Add: consolidated adjustments	(1,303,507)	(1,540,069)
Total retained earnings	<u>90,317,438</u>	<u>86,287,466</u>

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	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	RM	RM	RM	RM
Profit for the period	2,705,838	5,334,437	4,029,972	8,385,710
Weighted average number of ordinary shares of RM0.50 each in issue	234,351,032	226,499,990	234,351,032	226,499,990
Basic Earnings Per Share (sen)	1.15	2.36	1.72	3.70

B13. Earnings Per Share (Cont'd)

(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
21 February 2017