

ONLY WORLD GROUP HOLDINGS BERHAD

(Company No.1033338-K)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

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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 2017

	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-17	31-Dec-16	31-Dec-17	31-Dec-16
		RM'000	RM'000	RM'000	RM'000
REVENUE		32,109	33,194	62,250	61,659
COST OF SALES		(22,004)	(23,378)	(44,057)	(42,851)
GROSS PROFIT		10,105	9,816	18,193	18,808
OTHER INCOME		245	156	301	313
		10,350	9,972	18,494	19,121
SELLING AND DISTRIBUTION EXPENSES		(1,393)	(531)	(1,826)	(1,249)
ADMINISTRATIVE EXPENSES		(4,162)	(3,909)	(8,016)	(8,412)
OTHER EXPENSES		(369)	(742)	(831)	(1,368)
PROFIT FROM OPERATIONS		4,426	4,790	7,821	8,092
FINANCE COSTS		(1,078)	(574)	(2,013)	(981)
PROFIT BEFORE TAXATION	B5	3,348	4,216	5,808	7,111
INCOME TAX EXPENSE	B6	(814)	(1,805)	(1,204)	(3,245)
PROFIT AFTER TAXATION		2,534	2,411	4,604	3,866
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		2,534	2,411	4,604	3,866
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
- Owners of the Company		2,552	2,706	4,723	4,030
- Non-Controlling interests		(18)	(295)	(119)	(164)
		2,534	2,411	4,604	3,866
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		2,552	2,706	4,723	4,030
- Non-Controlling interests		(18)	(295)	(119)	(164)
		2,534	2,411	4,604	3,866
Earnings per share (sen) attributable to Owners of the Company					
- Basic ⁽¹⁾	B12	0.99	1.15	1.86	1.72
- 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 2017 and the accompanying explanatory notes attached to these audited financial statements.

N/A Not applicable.

(1) Based on weighted average number of issued 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 2017

	Note	UNAUDITED AS AT 31-Dec-17 RM'000	AUDITED AS AT 30-Jun-17 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		220,361	175,045
Goodwill on consolidation		1,936	1,936
Intangible asset		474	548
Prepaid leases		115,125	116,087
Deferred tax assets		16	16
Other Investment		375	375
		338,287	294,007
CURRENT ASSETS			
Prepaid leases		3,019	3,006
Inventories		3,349	3,498
Trade receivables		8,481	4,818
Other receivables, deposits and prepayments		20,653	14,564
Current tax assets		5,171	5,198
Fixed deposits with licensed banks		20,547	15,274
Cash and bank balances		6,926	6,821
		68,146	53,179
TOTAL ASSETS		406,433	347,186
EQUITY AND LIABILITIES			
EQUITY			
Share capital		128,750	121,442
Share premium		44,116	34,660
Merger deficit		(56,777)	(56,777)
Revaluation reserve		18,097	18,097
Capital reserve		1,200	1,200
Retained profits		97,864	92,987
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		233,250	211,609
NON-CONTROLLING INTERESTS		1,500	1,773
TOTAL EQUITY		234,750	213,382
NON-CURRENT LIABILITIES			
Long-term borrowings	B8	73,103	66,298
Deferred tax liabilities		2,762	2,838
		75,865	69,136
CURRENT LIABILITIES			
Trade payables		3,719	3,033
Other payables, deposits received and accruals		52,040	35,045
Short-term borrowings	B8	29,358	18,653
Bank overdrafts		10,701	7,700
Current tax liabilities		-	237
		95,818	64,668
TOTAL LIABILITIES		171,683	133,804
TOTAL EQUITY AND LIABILITIES		406,433	347,186
Net assets per share (excluding non-controlling interests) (RM)		0.91 ⁽¹⁾	0.87 ⁽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 2017 and the accompanying explanatory notes attached to these audited financial statements.

(1) Based on the weighted average number of issued share capital of 257,500,000 and 242,884,990 as at 31 December 2017 and 30 June 2017 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 2017

	NON-DISTRIBUTABLE				DISTRIBUTABLE				
	SHARE CAPITAL RM000	SHARE PREMIUM RM000	MERGER DEFICIT RM000	REVALUATION RESERVE RM000	CAPITAL RESERVE RM000	RETAINED PROFITS RM000	ATTRIBUTABLE TO OWNERS OF PARENT RM000	NON CONTROLLING INTEREST RM000	TOTAL EQUITY RM000
At 1 July 2016 (audited)	117,000	20,482	(56,777)	9,539	1,200	86,287	177,731	2,228	179,959
Profit after taxation for the financial year	-	-	-	-	-	5,423	5,423	(558)	4,865
Other comprehensive income for the financial year:									
- Revaluation of property, plant and equipment	-	-	-	8,558	-	-	8,558	-	8,558
Total comprehensive income for the financial year	-	-	-	8,558	-	-	8,558	-	8,558
Contribution by and distributions to owners of the Company:									
- Issuance of new shares	4,442	14,483	-	-	-	-	18,925	-	18,925
- shares issuance expenses	-	(305)	-	-	-	-	(305)	-	(305)
	4,442	14,178	-	-	-	-	18,620	-	18,620
Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	1,277	1,277	103	1,380
Total transactions with owners	4,442	14,178	-	-	-	1,277	19,897	103	20,000
At 1 July 2017 (audited)	121,442	34,660	(56,777)	18,097	1,200	92,987	211,609	1,773	213,382
Profit after taxation / Total comprehensive income for the financial period	-	-	-	-	-	4,723	4,723	(119)	4,604
Contribution by and distributions to owners of the Company:									
- Issuance of new shares	7,308	9,646	-	-	-	-	16,954	-	16,954
- shares issuance expenses	-	(190)	-	-	-	-	(190)	-	(190)
	7,308	9,456	-	-	-	-	16,764	-	16,764
Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	154	154	(154)	-
Total transactions with owners	7,308	9,456	-	-	-	154	16,918	(154)	16,764
At 31 Dec 2017 (unaudited)	128,750	44,116	(56,777)	18,097	1,200	97,864	233,250	1,500	234,750

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 2017 and the accompanying explanatory notes attached to these audited financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

	UNAUDITED Current Year To Date 31-Dec-17 <u>RM'000</u>	UNAUDITED Preceding Year Corresponding Period 31-Dec-16 <u>RM'000</u>
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	5,808	7,111
Adjustments for:-		
Amortisation of intangible assets	74	7
Amortisation of prepaid leases	1,505	0
Depreciation of property, plant and equipment	8,064	5,025
Interest expense	2,013	981
Property, plant and equipment written off	75	-
Writeback of allowance for doubtful debts	(36)	-
Interest income	(182)	(107)
Operating profit before working capital changes	<u>17,321</u>	<u>13,017</u>
Decrease/(Increase) in inventories	150	(100)
Increase in trade and other receivables	(9,717)	(10,913)
Increase/(Decrease) in trade and other payables	<u>17,683</u>	<u>(1,136)</u>
CASH FOR OPERATIONS	25,437	868
Income tax paid	(1,491)	(2,071)
Interest paid	(2,013)	(981)
Interest received	<u>182</u>	<u>107</u>
NET CASH FROM/(FOR) OPERATING ACTIVITIES	<u>22,115</u>	<u>(2,077)</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Addition of prepaid leases	(556)	-
Placement of deposits pledged to a licensed bank and with maturity period of more than three months	(5,289)	(1,975)
Purchase of property, plant and equipment	<u>(53,455)</u>	<u>(48,736)</u>
NET CASH FOR INVESTING ACTIVITIES	<u>(59,300)</u>	<u>(50,711)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of hire purchase and lease payables	5,103	3,012
Drawdown of term loans	23,983	13,399
Proceeds from issuance of shares	16,953	18,925
Repayment of hire purchase and lease obligations	(2,825)	(1,044)
Repayment of term loans	(8,752)	(1,463)
Shares issuance expenses paid	(190)	(294)
NET CASH FROM FINANCING ACTIVITIES	<u>34,272</u>	<u>32,535</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,913)	(20,253)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>(1,579)</u>	<u>21,168</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>(4,492)</u>	<u>915</u>

ONLY WORLD GROUP HOLDINGS BERHAD (Company No.: 1033338-K)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017**

	UNAUDITED Current Year To Date <u>31-Dec-17</u> RM'000	UNAUDITED Preceding Year Corresponding <u>31-Dec-16</u> RM'000
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:-		
- Fixed deposit with licensed banks	20,547	12,306
- Cash and bank balances	6,926	6,688
- Bank overdrafts	<u>(10,701)</u>	<u>(5,310)</u>
	16,772	13,684
Less: Deposits pledged with licensed banks	(19,985)	(12,306)
Less: Bank balance held as escrow	<u>(1,279)</u>	<u>(463)</u>
	<u>(4,492)</u>	<u>915</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 2017 and the accompanying explanatory notes attached to these audited financial statements.

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCING 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 2017 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 quarter, the Group has adopted the following new accounting standards and interpretations (including the consequences amendments, if any):-

Amendments/Improvements to MFRSs		
MFRS 107	Disclosure Initiative	1 January 2017
MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 – 2016 Cycles: Amendments to MFRS 12: Clarification of the Scope of the Standard		1 January 2017

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

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 period ended 31 December 2017:-

New MFRSs		
MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017**PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCING 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 period ended 31 December 2017 (Cont’d):-

Amendments/Improvements to MFRSs		
MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
MFRS 10 & MFRS 128	Sales or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred until further notice
MFRS 15	Effective Date of MFRS 15	1 January 2018
MFRS 15	Clarifications to MFRS 15 ‘Revenue from Contracts with Customers’	1 January 2018
MFRS 140	Transfers of Investment Property	1 January 2018
Annual Improvements to MFRSs 2014 – 2016 Cycles:		1 January 2018
<ul style="list-style-type: none"> • Amendments to MFRS 1: Deletion of Short-term Exemptions for First-Time Adopters • Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value 		

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 2017.

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 period-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.

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCING 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-Dec-2017					
	Food Service Operations RM'000	Amusement and Recreation Operations RM'000	Other Services RM'000	Total RM'000	Consolidated RM'000	The Group RM'000
Segment revenue						
- External revenue	15,234	15,361	1,514	32,109	-	32,109
- Inter segment revenue	2,944	87	1,137	4,168	(4,168)	-
Total segment revenue	18,178	15,448	2,651	36,277	(4,168)	32,109
Segment results	537	11,096	(7,207)	4,426	-	4,426
Finance costs	-	-	-	-	-	(1,078)
Tax expense	-	-	-	-	-	(814)
Profit for the financial period	-	-	-	-	-	2,534

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

	3 months ended 31-Dec-2016					
	Food Service Operations RM'000	Amusement and Recreation Operations RM'000	Other Services RM'000	Total RM'000	Consolidated RM'000	The Group RM'000
Segment revenue						
- External revenue	23,200	8,789	1,205	33,194	-	33,194
- Inter segment revenue	3,680	640	1,043	5,363	(5,363)	-
Total segment revenue	26,880	9,429	2,248	38,557	(5,363)	33,194
Segment results	5,051	4,392	(4,653)	4,790	-	4,790
Finance costs	-	-	-	-	-	(574)
Tax expense	-	-	-	-	-	(1,805)
Profit for the financial period	-	-	-	-	-	2,411

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

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

A9. Segmental Information (Cont’d)

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

	6 months ended 31-Dec-2017					
	Food Service Operations RM'000	Amusement and Recreation Operations RM'000	Other Services RM'000	Total RM'000	Consolidated RM'000	The Group RM'000
Segment revenue						
- External revenue	30,514	28,567	3,169	62,250	-	62,250
- Inter segment revenue	3,934	113	1,405	5,452	(5,452)	-
Total segment revenue	34,448	28,680	4,574	67,702	(5,452)	62,250
Segment results	1,337	20,041	(13,557)	7,821	-	7,821
Finance costs	-	-	-	-	-	(2,013)
Tax expense	-	-	-	-	-	(1,204)
Profit for the financial period	-	-	-	-	-	4,604

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

	6 months ended 31-Dec-2016					
	Food Service Operations RM'000	Amusement and Recreation Operations RM'000	Other Services RM'000	Total RM'000	Consolidated RM'000	The Group RM'000
Segment revenue						
- External revenue	43,276	15,336	3,047	61,659	-	61,659
- Inter segment revenue	5,602	1,254	1,218	8,074	(8,074)	-
Total segment revenue	48,878	16,590	4,265	69,733	(8,074)	61,659
Segment results	7,602	6,177	(5,687)	8,092	-	8,092
Finance costs	-	-	-	-	-	(981)
Tax expense	-	-	-	-	-	(3,245)
Profit for the financial period	-	-	-	-	-	3,866

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

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

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 31 December 2017 are as follows: -

Capital expenditure commitments	As at 31 December 2017 RM'000
Approved and contracted for - Refurbishment works and renovation of attractions & outlets	15,142
Approved but not contracted for - Refurbishment works and renovation of attractions & outlets	-

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

The Company had on 24 January 2018 entered into a Heads of Agreement (“HOA”) with Animation Theme Park Sdn. Bhd. to facilitate discussions and negotiations for the potential collaboration to manage and operate the Movie Animation Park Studios (“MAPS”).

A12. Changes in Composition of the Group

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

A13. Contingent Liabilities or Contingent Assets

The Company provides corporate guarantees amounting to RM80,633,680 to licensed banks and financial institutions for credit facilities granted to certain subsidiaries. No provisions are recognized on the above liabilities as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

There is no contingent assets as at the date of this report.

A14. Related Party Disclosures

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31-Dec-17 RM'000	Preceding Year Corresponding Quarter 31-Dec-16 RM'000	Current Year To Date 31-Dec-17 RM'000	Preceding Year Corresponding Period 31-Dec-16 RM'000
(i) Entities controlled by certain key management personnel:-				
Rental income	63	36	127	73
Rental expense	-	(72)	-	(143)
(ii) Directors:-				
Rental expense	(270)	(270)	(540)	(540)

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

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

	Individual Quarter		Deviation	
	31-Dec-17	31-Dec-16	Amount	
	RM'000	RM'000	RM'000	%
Revenue	32,109	33,194	(1,085)	(3.27)
Profit before tax	3,348	4,216	(868)	(20.59)

The Group achieved revenue and profit before taxation of RM32.11 million and RM3.35 million respectively for the current financial quarter ended 31 Dec 2017. The revenue of RM32.11 million represented a decrease of RM1.09 million or 3.27% as compared to the revenue of RM33.19 million recorded for the corresponding three (3) months period for the financial quarter ended 31 Dec 2016.

The decrease in revenue was mainly contributed by the decrease in food service operations. This was partly offset by higher revenue contribution from amusement and recreation operations.

The food service operations segment recorded a decrease in revenue of RM7.97 million which was attributed mainly to the temporary closure of food service outlets at First World Plaza, Genting Highlands since April 2017 in view of the ongoing "Genting Integrated Tourism Plan (GITP) and Twentieth Century Fox World. The decrease is partly mitigated by the opening of new outlets at Sky Avenue, Genting Highlands and Genting Premium Outlets in Dec 2016 and June 2017 respectively.

The amusement and recreation operations segment recorded an increase in revenue of RM6.57 million which was attributed mainly to the commencement of operations of 14 family attractions at The TOP, KOMTAR Tower, Penang in December 2016 and the new promotion initiatives launched during the long school holidays and festive season.

Profit before tax for the financial quarter under review was RM3.35 million as compared to RM4.22 million of the preceding year's financial quarter ended 31 Dec 2016.

The decrease in profit before tax of RM0.87 million was mainly due to higher financing cost incurred for the expansion of business.

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

	Year-to-date		Deviation	
	31-Dec-17	31-Dec-16	Amount	
	RM'000	RM'000	RM'000	%
Revenue	62,250	61,659	591	0.96
Profit before tax	5,808	7,111	(1,303)	(18.32)

The Group's revenue increased by RM0.59 million or 0.96% from RM61.66 million in the immediate preceding financial period to RM62.25 million in the current financial period. Profit before taxation of the Group decreased from RM7.11 million in the previous financial period to RM5.81 million in the current financial period representing a decrease of 18.32%.

The increase in revenue of RM0.59 million as compared to the preceding financial period was mainly due to higher revenue contribution from the amusement and recreation operations, in line with the new promotion initiatives launched during the long school holidays and festive season in the current financial period.

The lower profit before tax by RM1.30 million as compared to the immediate preceding financial period was mainly due to higher financing cost incurred for the expansion of business.

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017**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-17	30-Sep-17	Amount	
	RM'000	RM'000	RM'000	%
Revenue	32,109	30,141	1,968	6.53
Profit before tax	3,348	2,460	888	36.10

The Group's revenue increased by RM1.97 million or 6.53% from RM30.14 million in the immediate preceding quarter to RM32.11 million in the current financial quarter. Profit before taxation of the Group increased from RM2.46 million in the previous financial quarter to RM3.35 million in the current financial quarter representing an increase of 36.10%.

The increase in revenue of RM1.97 million as compared to the preceding quarter was mainly due to higher revenue contribution from the amusement and recreation operations segment, in line with the new promotion initiatives launched during the long school holidays and festive season in the current financial quarter.

The higher profit before tax of RM0.89 million as compared to the immediate preceding quarter was mainly due to higher revenue generated in the current financial quarter.

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 food service outlets, family attractions and other retail outlets in a single location with a unified theme, focusing on family-centric activities;
- opening more food service outlets that expands the range of dining options at new locations; and
- enhance the facilities at Wet World Water Park Shah Alam via the phase two (2) expansion plan.

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 period.

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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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-17 RM'000	Preceding Year Corresponding Quarter 31-Dec-16 RM'000	Current Year To Date 31-Dec-17 RM'000	Preceding Year Corresponding Period 31-Dec-16 RM'000
Amortisation of intangible assets	36	19	74	49
Amortisation of prepaid leases	754	1	1,505	1
Depreciation of property, plant and equipment	4,072	2,893	8,064	5,026
Interest expense	1,078	574	2,013	981
Property, plant and equipment written off	3	-	75	-
Writeback of allowance for doubtful debts	(36)	-	(36)	-
Interest income	(133)	(70)	(182)	(107)

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-17 RM'000	Preceding Year Corresponding Quarter 31-Dec-16 RM'000	Current Year To Date 31-Dec-17 RM'000	Preceding Year Corresponding Period 31-Dec-16 RM'000
Current tax expense:				
Malaysian income tax				
- for the financial period	792	1,805	1,128	1,009
- Underprovision in previous financial year	-	-	130	2,236
Foreign tax				
- for the financial period	22	-	22	-
	814	1,805	1,280	3,245
Deferred tax expense	-	-	(76)	-
	814	1,805	1,204	3,245

The effective tax rate for the financial quarter under review is higher than the statutory tax rate of 24% mainly due to certain expenses which are non-tax deductible. However, the effective tax rate for the financial period-to-date under review is lower than the statutory tax rate of 24% mainly due to utilisation of unabsorbed capital allowances in subsidiary companies.

B7. Status of Corporate Proposals Announced

Private Placement

On 7 July 2017, Public Investment Bank Berhad (“**PIVB**”), on behalf of the Board, announced that the Company is proposing to undertake the private placement of up to 24,288,499 new ordinary shares in OWG (“**Share(s)**”) (“**Placement Share(s)**”) representing up to 10% of the issued share capital of OWG (“**Private Placement**”) (“**Announcement**”). The Private Placement may be implemented in one or more tranches.

On 13 July 2017, PIVB on behalf of the Board announced that the Company had received approval from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for up to 24,288,499 Shares to be issued pursuant to the Private Placement.

On 10 August 2017, PIVB on behalf of the Board, announced that the Board had fixed the issue price for 14,615,010 Placement Shares, representing 6.20% of the issued share capital of OWG as at 9 August 2017, being the first (1st) tranche of the Private Placement at RM1.16 per Placement Share.

On 21 August 2017, PIVB announced that the first (1st) tranche of the Private Placement has been completed following the listing and quotation for 14,615,010 Placement Shares on the Main Market of Bursa Securities.

The proceeds of approximately RM16.95 million from the first (1st) tranche of the Private Placement of 14,615,010 Placement Shares, has been fully utilized during the financial period.

On 2 January 2018, PIVB on behalf of the Board, announced that the Board had fixed the issue price for 9,673,489 Placement Shares, representing 3.76% of the issued share capital of OWG as at 29 December 2017, being the second (2nd) and final tranche of the Private Placement at RM1.13 per Placement Share.

On 10 January 2018, PIVB announced that the second (2nd) and final tranche of the Private Placement with proceeds of approximately RM10.85 million has been completed following the listing and quotation for 9,600,000 Placement Shares on the Main Market of Bursa Securities.

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

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B7. Status of Corporate Proposals Announced (Cont'd)

Utilisation of Proceeds from Private Placement

The status of utilisation of the proceeds of approximately RM27.80 million from the first (1st) and second (2nd) tranche of the Private Placement are as follows:

Details of utilisation of proceeds	Proposed utilisation based on the Announcement	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	
Business expansion	25,000	15,882	12,511	-	3,371	Within 24 months
Working capital requirements	11,119	11,119	11,119	-	-	Within 24 months
Estimated expenses in relation to the Private Placement	800	800	512	-	288	Within 6 month
Total	36,919	27,801	24,142	-	3,659	

B8. Group Borrowings

The Group's borrowings as at 31 December 2017 are as follows:

	Unaudited As at 31-Dec-17 RM'000	Audited As at 30-Jun-17 RM'000
Long-term borrowings		
Secured:		
Hire purchase / lease payables	4,732	4,008
Term loans	68,371	62,290
	73,103	66,298
Short-term borrowings		
Secured:		
Hire purchase / lease payables	5,782	4,228
Term loans	23,576	14,425
	29,358	18,653
Total borrowings	102,461	84,951

INTERIM FINANCIAL REPORTING FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B9. 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.

B10. Dividends

No dividend was declared for the quarter under review.

B11. 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-Dec-17 RM'000	Preceding Year Corresponding Quarter 31-Dec-16 RM'000	Current Year To Date 31-Dec-17 RM'000	Preceding Year Corresponding Period 31-Dec-16 RM'000
Profit for the period	2,552	2,706	4,723	4,030
Weighted average number of ordinary shares in issue	257,500	234,351	253,767	234,351
Basic Earnings Per Share (sen)	0.99	1.15	1.86	1.72

(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 period-to-date.

B12. OPERATING LEASE COMMITMENT

The future minimum lease payments under operating leases are as follows:-

	Unaudited 31-Dec-17 RM'000	Audited 30-Jun-17 RM'000
Not more than one year	1,596	1,611
Later than one year and not later than five years	13,479	12,305
Later than five years	146,423	148,395
	<u>161,498</u>	<u>162,311</u>

The operating lease commitment is due mainly to rental of premises for a period of 45 years.