

ONLY WORLD GROUP HOLDINGS BERHAD

(Company No.1033338-K)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

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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 FOURTH QUARTER ENDED 30 JUNE 2018

	Note	Individual Quarter		Cumulative Quarter	
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To Date	Corresponding
		30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
		RM'000	RM'000	RM'000	RM'000
REVENUE		35,871	23,032	131,585	116,204
COST OF SALES		(28,002)	(21,838)	(96,412)	(90,519)
GROSS PROFIT		7,869	1,194	35,173	25,685
OTHER INCOME		3,319	8,642	3,968	12,648
		11,188	9,836	39,141	38,333
SELLING AND DISTRIBUTION EXPENSES		(1,024)	(735)	(3,086)	(3,164)
ADMINISTRATIVE EXPENSES		(4,770)	(5,257)	(17,248)	(18,276)
OTHER EXPENSES		(759)	(2,065)	(2,043)	(5,527)
PROFIT FROM OPERATIONS		4,635	1,779	16,764	11,366
FINANCE COSTS		(2,092)	(1,480)	(6,877)	(3,502)
PROFIT BEFORE TAXATION	B5	2,543	299	9,887	7,864
INCOME TAX EXPENSE	B6	(2,136)	(134)	(3,602)	(2,999)
PROFIT AFTER TAXATION		407	165	6,285	4,865
OTHER COMPREHENSIVE INCOME		-	8,557	-	8,557
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR		407	8,722	6,285	13,422
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
- Owners of the Company		307	272	6,356	5,423
- Non-Controlling interests		100	(107)	(71)	(558)
		407	165	6,285	4,865
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		307	8,829	6,356	13,980
- Non-Controlling interests		100	(107)	(71)	(558)
		407	8,722	6,285	13,422
Earnings per share (sen) attributable to Owners of the Company					
- Basic ⁽¹⁾	B11	0.11	0.11	2.44	2.26
- 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 30 JUNE 2018

	Note	UNAUDITED AS AT 30-Jun-18 RM'000	AUDITED AS AT 30-Jun-17 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		227,828	175,045
Goodwill on consolidation		1,936	1,936
Intangible asset		405	548
Prepaid leases		113,613	116,087
Deferred tax assets		417	16
Other investment		-	375
		344,199	294,007
CURRENT ASSETS			
Prepaid leases		3,019	3,006
Inventories		2,554	3,498
Trade receivables		3,392	4,818
Other receivables, deposits and prepayments		14,173	14,564
Current tax assets		2,980	5,198
Fixed deposits with licensed banks		22,968	15,274
Cash and bank balances		11,053	6,821
		60,139	53,179
TOTAL ASSETS		404,338	347,186
EQUITY AND LIABILITIES			
EQUITY			
Share capital		183,597	121,442
Share premium		-	34,660
Merger deficit		(56,777)	(56,777)
Revaluation reserve		18,097	18,097
Capital reserve		1,200	1,200
Retained profits		99,192	92,987
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		245,309	211,609
NON-CONTROLLING INTERESTS		1,853	1,773
TOTAL EQUITY		247,162	213,382
NON-CURRENT LIABILITIES			
Long-term borrowings	B8	90,638	66,298
Deferred tax liabilities		2,105	2,838
Provision		615	-
		93,358	69,136
CURRENT LIABILITIES			
Trade payables		4,291	3,033
Other payables, deposits received and accruals		28,480	35,045
Amount owing to directors		635	-
Short-term borrowings	B8	27,627	18,653
Bank overdrafts		2,691	7,700
Current tax liabilities		94	237
		63,818	64,668
TOTAL LIABILITIES		157,176	133,804
TOTAL EQUITY AND LIABILITIES		404,338	347,186
Net assets per share (excluding non-controlling interests) (RM)		0.92 ⁽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 number of issued and fully paid up share capital of 267,100,000 and 242,884,990 as at 30 June 2018 and 30 June 2017 respectively.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

	-----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 year	-	-	-	-	-	6,356	6,356	(71)	6,285
Contribution by and distributions to owners of the Company:									
- Issuance of new shares	27,802	-	-	-	-	-	27,802	-	27,802
- Shares issuance expenses	(307)	-	-	-	-	-	(307)	-	(307)
- Reclassification pursuant to Section 618(2) of the Act *	34,660	(34,660)	-	-	-	-	-	-	-
	62,155	(34,660)	-	-	-	-	27,495	-	27,495
Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	(151)	(151)	151	-
Total transactions with owners	62,155	(34,660)	-	-	-	(151)	27,344	151	27,495
At 30 June 2018 (unaudited)	183,597	-	(56,777)	18,097	1,200	99,192	245,309	1,853	247,162

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.

* Pursuant to Section 618(2) of the Act, share premium balance of RM 34,660,229 shall become part of the issued share capital of the Company.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

	UNAUDITED Current Year To Date 30-Jun-18 RM'000	AUDITED Preceding Year Corresponding Period 30-Jun-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	9,887	7,864
Adjustments for:-		
Allowance for impairment losses on goodwill on consolidation	-	2,384
Amortisation of intangible assets	143	141
Amortisation of prepaid leases	3,017	1,090
Depreciation of property, plant and equipment	19,258	12,143
Interest expense	6,877	3,502
Property, plant and equipment written off	381	1,004
Interest income	(483)	(513)
Reversal of provision for restoration costs	-	(489)
(Writeback of allowance for doubtful debts)/Allowance for impairment losses on receivables	(4)	286
Operating profit before working capital changes	39,076	27,412
Decrease/(Increase) in inventories	945	(582)
Decrease/(Increase) in trade and other receivables	1,820	(2,409)
(Decrease)/Increase in trade and other payables	(4,692)	18,866
Increase in amount owing to directors	635	-
CASH FOR OPERATIONS	37,784	43,287
Income tax paid	(2,661)	(4,831)
Interest paid	(6,877)	(3,502)
Interest received	483	513
NET CASH FROM OPERATING ACTIVITIES	28,729	35,467
CASH FLOWS FOR INVESTING ACTIVITIES		
Addition of prepaid leases	(556)	(30,623)
Placement of deposits pledged to a licensed bank and with maturity period of more than three months	(7,732)	(5,182)
Purchase of property, plant and equipment	(72,422)	(62,986)
Purchase of intangible assets	-	(103)
Sale proceeds from disposal of other investment	375	-
NET CASH FOR INVESTING ACTIVITIES	(80,335)	(98,894)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of hire purchase obligations	5,103	-
Drawdown of term loans	49,554	27,510
Proceeds from issuance of shares	27,802	18,925
Repayment of hire purchase obligations	(5,896)	(1,789)
Repayment of term loans	(15,447)	(2,462)
Repayment to an investor	-	(1,200)
Shares issuance expenses paid	(307)	(304)
NET CASH FROM FINANCING ACTIVITIES	60,809	40,680
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,203	(22,747)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	(1,579)	21,168
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	7,624	(1,579)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

	UNAUDITED Current Year To Date	AUDITED Preceding Year Corresponding Period
	30-Jun-18	30-Jun-17
	RM'000	RM'000
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		
COMPRISE:-		
- Fixed deposit with licensed banks	22,968	15,274
- Cash and bank balances	11,053	6,821
- Bank overdrafts	(2,691)	(7,700)
	<u>31,330</u>	<u>14,395</u>
Less: Deposits pledged with licensed banks	(22,399)	(14,774)
Less: Bank balance held as escrow	(1,307)	(1,200)
	<u>7,624</u>	<u>(1,579)</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.

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

INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

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 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 year ended 30 June 2018:-

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

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INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

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 ended 30 June 2018 (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 9	Prepayment Features with Negative Compensation	1 January 2019
MFRS 10 & MFRS 128	Sales or Contribution of Assets between an Investor and its Associates or Joint Venture	Deferred
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 119	Plan Amendment, Curtailment or Settlement	1 January 2019
MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
MFRS 140	Transfers of Investment Property	1 January 2018
References to the Conceptual Framework in MFRS Standards		1 January 2020
Annual Improvements to MFRSs 2014 – 2016 Cycles:		
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-Time Adopters		1 January 2018
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value		
Annual Improvements to MFRS Standards 2015 – 2017 Cycles		1 January 2019

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 financial quarter and financial year-to-date results.

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

INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

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

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.

A8. Dividend Paid/Declared

There were no dividends paid or proposed during the current financial quarter and financial year-to-date 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 30-Jun-2018					
	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	13,146	16,465	6,260	35,871	-	35,871
- Inter segment revenue	3,372	46	61	3,479	(3,479)	-
Total segment revenue	16,518	16,511	6,321	39,350	(3,479)	35,871
Segment results	(478)	9,133	(4,020)	4,635	-	4,635
Finance costs	-	-	-	-	-	(2,092)
Tax expense	-	-	-	-	-	(2,136)
Profit for the financial period	-	-	-	-	-	407

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

INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

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 30-Jun-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	19,308	6,109	(2,385)*	23,032	-	23,032
- Inter segment revenue	1,260	940	4,212	6,412	(6,412)	-
Total segment revenue	20,568	7,049	1,827	29,444	(6,412)	23,032
Segment results	4,158	5,686	(8,065)	1,779	-	1,779
Finance costs	-	-	-	-	-	(1,480)
Tax expense	-	-	-	-	-	(134)
Profit for the financial period	-	-	-	-	-	165

* This is due to reclassification of revenue for the year ended 30 June 2017 of RM3.60 million to other income in fourth quarter ended 30 June 2017.

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

	12 months ended 30-Jun-2018					
	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	58,175	59,689	13,721	131,585	-	131,585
- Inter segment revenue	10,876	203	708	11,787	(11,787)	-
Total segment revenue	69,051	59,892	14,429	143,372	(11,787)	131,585
Segment results	2,236	35,665	(21,137)	16,764	-	16,764
Finance costs	-	-	-	-	-	(6,877)
Tax expense	-	-	-	-	-	(3,602)
Profit for the financial period	-	-	-	-	-	6,285

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

INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

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:

	12 months ended 30-Jun-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	83,011	30,965	2,228	116,204	-	116,204
- Inter segment revenue	11,304	2,263	6,024	19,591	(19,591)	-
Total segment revenue	94,315	33,228	8,252	135,795	(19,591)	116,204
Segment results	14,189	15,605	(18,428)	11,366	-	11,366
Finance costs	-	-	-	-	-	(3,502)
Tax expense	-	-	-	-	-	(2,999)
Profit for the financial period	-	-	-	-	-	4,865

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 30 June 2018 are as follows: -

Capital expenditure commitments	As at 30 Jun 2018 RM'000
Approved and contracted for	
- Refurbishment works and renovation of attractions & outlets	478
Approved but not contracted for	
- Refurbishment works and renovation of attractions & outlets	-

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

There were no material events subsequent to the end of the interim period except as disclosed in Note B7 and the following:

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

On 16 July 2018, the Company announced that both Only World Group Holdings Berhad and ATP (“Parties”) are still in the midst of finalizing the management service agreement (“Definitive MSA”), which the Parties had previously agreed to finalise within three months from the date of the HOA, i.e. 23 April 2018, or such further time mutually agreed upon. Pursuant thereto, both Parties have mutually agreed to an extension of time of up to 6 months from 23 April 2018 to 22 October 2018 to finalise the Definitive MSA.

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

INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

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

A12. Changes in Composition of the Group

There were no changes in composition of the Group during the current financial quarter and financial year-to-date under review.

A13. Contingent Liabilities or Contingent Assets

The Company provides corporate guarantees amounting to RM98,966,000 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 30-Jun-18 RM'000	Preceding Year Corresponding Quarter 30-Jun-17 RM'000	Current Year To Date 30-Jun-18 RM'000	Preceding Year Corresponding Period 30-Jun-17 RM'000
(i) Entities controlled by certain key management personnel:-				
Rental income	55	46	238	154
Rental expense	-	1	-	(215)
(ii) Directors:-				
Rental expense	(270)	(270)	(1,080)	(1,080)

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

INTERIM FINANCIAL REPORTING FOR THE FOURTH QUARTER ENDED 30 JUNE 2018

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	
	30-Jun-18	30-Jun-17	Amount	
	RM'000	RM'000	RM'000	%
Revenue	35,871	23,032	12,839	55.74
Profit before tax	2,543	299	2,244	750.50

The Group achieved revenue and profit before taxation of RM35.88 million and RM2.54 million respectively for the current financial quarter ended 30 June 2018. The revenue of RM35.88 million represented an increase of RM12.84 million or 55.74% as compared to the revenue of RM23.03 million recorded for the corresponding three (3) months period for the financial quarter ended 30 June 2017.

The amusement and recreation operations segment recorded an increase in revenue of RM10.36 million due mainly to the full quarter impact for the financial quarter ended 30 June 2018 on the opening of 4 family attractions at Sky Avenue, Genting Highlands and 2 new family attractions at the TOP, KOMTAR Tower, Penang in February 2018. The higher revenue is also contributed by the aggressive promotion initiatives launched during school holidays, festive season and more attractive pricing offered with the abolishment of Goods and Services Tax on 1 June 2018 in the current financial quarter.

The other services segment recorded an increase in revenue of RM5.05 million in the current financial quarter due mainly to the full quarter impact of the operation of 3 new retail and beauty salon outlets at Sky Avenue, Genting Highlands in December 2017 and 1 new outlet at the TOP, KOMTAR Tower, Penang in January 2018. Included in the fourth quarter ended 30 June 2017 is a reclassification of revenue for the year ended 30 June 2017 of RM3.60 million to other income.

The food service operations segment recorded a decrease in revenue of RM6.16 million in the current financial quarter due 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. However, the decrease is partly mitigated by the opening of Genting Premium Outlets in June 2017 and 4 new outlets at Sky Avenue, Genting Highlands in December 2017 which had increased the number of patrons to the Group's food service outlets.

Profit before tax for the financial quarter under review was RM2.54 million as compared to RM0.30 million of the preceding year's financial quarter ended 30 June 2017. The increase in profit before tax of RM2.24 million or 750.50% was mainly due to:

- (i) higher revenue and earning before interest, tax, depreciation and amortisation ("EBITDA") generated in the current financial quarter; and
- (ii) inclusion of allowance for impairment losses on goodwill on consolidation of RM2.38 million in the preceding year corresponding quarter.

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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 (Cont'd)

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

	Year-to-date		Deviation	
	30-Jun-18	30-Jun-17	Amount	
	RM'000	RM'000	RM'000	%
Revenue	131,585	116,204	15,381	13.24
Profit before tax	9,887	7,864	2,023	25.72

The Group's revenue increased by RM15.38 million or 13.24% from RM116.20 million in the immediate preceding financial period to RM131.59 million in the current financial year. Profit before tax of the Group increased 25.72% from RM7.86 million in the previous financial year to RM9.89 million in the current financial year.

The amusement and recreation operations segment recorded an increase in revenue of RM28.72 million in the current financial year due mainly to the full year impact for the financial year ended 30 June 2018 from the family attractions at the TOP, KOMTAR Tower, Penang which commenced operation in December 2016 and contributions from the opening of 4 family attractions at Sky Avenue, Genting Highlands and 2 new family attractions at the TOP, KOMTAR Tower, Penang in February 2018. The higher revenue is also contributed by the aggressive promotion initiatives launched during school holidays, festive season and more attractive pricing offered with the abolishment of Goods and Services Tax on 1 June 2018 in the current financial year.

The other services segment recorded an increase in revenue of RM11.49 million in the current financial year due mainly to the commencement of operation of 3 new retail and beauty salon outlets at Sky Avenue, Genting Highlands in December 2017 and 1 new outlet at the TOP, KOMTAR Tower, Penang in January 2018.

The food service operations segment recorded a decrease in revenue of RM24.84 million in the current financial year 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. However, the decrease is partly mitigated by the opening of Genting Premium Outlets in June 2017 and 4 new outlets at Sky Avenue, Genting Highlands in December 2017 which had increased the number of patrons to the Group's food service outlets.

The higher profit before tax by RM2.02 million or 25.72% as compared to the immediate preceding financial year was mainly due to:

- (i) higher revenue and EBITDA generated in the current financial year; and
- (ii) inclusion of allowance for impairment losses on goodwill on consolidation of RM2.38 million in the preceding year corresponding year.

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B2. Variation of Results with the Immediate Preceding Quarter

	3 Months Ended		Deviation	
	30-Jun-18	31-Mar-18	Amount	
	RM'000	RM'000	RM'000	%
Revenue	35,871	33,464	2,407	7.19
Profit before tax	2,543	1,536	1,007	65.56

The Group's revenue increased by RM2.41 million or 7.19% from RM33.46 million in the immediate preceding quarter to RM35.87 million in the current financial quarter. Profit before tax of the Group increased 65.56% from RM1.54 million in the previous financial quarter to RM2.54 million in the current financial quarter.

The increase in revenue of RM2.41 million as compared to the preceding quarter was due mainly to higher revenue contribution from the amusement and recreation operations segment and other services segment.

The increase in revenue of RM1.81 million contribution from the amusement and recreation operations segment in the current financial quarter is due mainly to the full quarter impact on the opening of 4 family attractions at Sky Avenue, Genting Highlands and 2 new family attractions at the TOP, KOMTAR Tower, Penang in February 2018. The higher revenue is also contributed by the aggressive promotion initiatives launched during school holidays, festive season and more attractive pricing offered with the abolishment of Goods and Services Tax on 1 June 2018 in the current financial quarter.

The increase in revenue of RM1.97 million contribution from the other services segment in the current financial quarter is due mainly to the commencement of operation of 3 new retail and beauty salon outlets family attractions at Sky Avenue, Genting Highlands in December 2017, 1 new outlet at the TOP, KOMTAR Tower, Penang in January 2018.

The increase in profit before tax of RM1.01 million or 65.56% as compared to the immediate preceding quarter were due mainly to higher revenue and EBITDA 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; and
- opening more food service outlets that expands the range of dining options at new locations.

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 quarter and financial year-to-date.

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 quarter and financial year-to-date is arrived at after charging/(crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-Jun-18 RM'000	Preceding Year Corresponding Quarter 30-Jun-17 RM'000	Current Year To Date 30-Jun-18 RM'000	Preceding Year Corresponding Period 30-Jun-17 RM'000
Allowance for impairment losses on goodwill on consolidation	-	2,384	-	2,384
Amortisation of intangible assets	34	99	143	141
Amortisation of prepaid leases	756	1,089	3,017	1,090
Depreciation of property, plant and equipment	6,482	3,323	19,258	12,143
Interest expense	2,092	1,480	6,877	3,502
Property, plant and equipment written off	257	364	381	1,004
Interest income	(255)	(371)	(483)	(513)
Reversal of provision for restoration costs	-	(489)	-	(489)
Allowance for impairment losses on receivable/(Writeback of allowance for doubtful debts)	30	286	(4)	286

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 30-Jun-18 RM'000	Preceding Year Corresponding Quarter 30-Jun-17 RM'000	Current Year To Date 30-Jun-18 RM'000	Preceding Year Corresponding Period 30-Jun-17 RM'000
Current tax expense:				
Malaysian income tax				
- for the financial period	1,957	(45)	3,163	3,200
- under/(over)provision in previous financial year	1,211	150	1,525	(230)
Foreign tax				
- for the financial year	26	-	48	-
	3,194	105	4,736	2,970
Deferred tax expense	(1,058)	29	(1,134)	29
	2,136	134	3,602	2,999

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B6. Income Tax Expense (Cont'd)

The effective tax rate for the current financial quarter and financial year-to-date under review is higher than the statutory tax rate of 24% mainly due to certain expenses which are non-tax deductible and partly offset by unabsorbed capital allowances and unutilised tax losses in subsidiary companies.

B7. Status of Corporate Proposals Announced

Bonus Issue of Warrants

On 6 August 2018, PIVB on behalf of the Board announced that the Company is proposing to undertake proposed bonus issue of up to 133,550,000 free warrants in OWG ("**Warrant(s)**") on the basis of 1 Warrant for every 2 existing ordinary shares in OWG.

On 9 August 2018, PIVB on behalf of the Board announced that the listing application for the admission of the Warrants to the Official List of Bursa Securities and the listing of and quotation for the Warrants and the new OWG Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities has been submitted to Bursa Securities.

On 20 August 2018, PIVB on behalf of the Board announced that Bursa Securities had granted the approval for the Proposed Bonus Issue of Warrants.

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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B8. Group Borrowings

The Group's borrowings as at 30 June 2018 are as follows:

	Unaudited	Audited
	As at 30-Jun-18	As at 30-Jun-17
	RM'000	RM'000
Long-term borrowings		
Secured:		
Hire purchase / lease payables	2,712	4,008
Term loans	87,926	62,290
	<u>90,638</u>	<u>66,298</u>
Short-term borrowings		
Secured:		
Hire purchase / lease payables	4,730	4,228
Term loans	22,897	14,425
	<u>27,627</u>	<u>18,653</u>
Total borrowings	<u>118,265</u>	<u>84,951</u>

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 current financial quarter and financial year-to-date under review.

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B11. Earnings Per Share

(a) Basic Earnings per Share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30-Jun-18 RM'000	Preceding Year Corresponding Quarter 30-Jun-17 RM'000	Current Year To Date 30-Jun-18 RM'000	Preceding Year Corresponding Period 30-Jun-17 RM'000
Profit for the period	307	272	6,356	5,423
Weighted average number of ordinary shares in issue	267,100	242,885	260,195	240,353
Basic Earnings Per Share (sen)	0.11	0.11	2.44	2.26

(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 financial quarter and financial year-to-date.

B12. OPERATING LEASE COMMITMENT

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

	Unaudited 30-Jun-18 RM'000	Audited 30-Jun-17 RM'000
Not more than one year	4,050	1,611
Later than one year and not later than five years	19,244	12,305
Later than five years	145,491	148,395
	168,785	162,311

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