



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

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>3 Months Ended</u>		<u>6 Months Ended</u>	
	<u>31/12/18</u>	<u>31/12/17</u>	<u>31/12/18</u>	<u>31/12/17</u>
Note	RM'000	RM'000	RM'000	RM'000
Revenue	33,442	32,109	66,387	62,250
Cost of sales	(27,369)	(22,004)	(52,914)	(44,057)
Gross profit	6,073	10,105	13,473	18,193
Other income	819	245	1,144	301
	6,892	10,350	14,617	18,494
Selling and distribution expenses	(231)	(1,393)	(497)	(1,826)
Administrative expenses	(4,097)	(4,162)	(8,184)	(8,016)
Other expenses	(349)	(369)	(710)	(831)
Profit from operations	2,215	4,426	5,226	7,821
Finance costs	(2,087)	(1,078)	(4,057)	(2,013)
Profit before taxation	128	3,348	1,169	5,808
Taxation	11,416	(814)	11,031	(1,204)
Profit after taxation	11,544	2,534	12,200	4,604
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial period	11,544	2,534	12,200	4,604
Profit after taxation attributable to:-				
- Owners of the Company	11,531	2,552	12,170	4,723
- Non-Controlling interests	13	(18)	30	(119)
	11,544	2,534	12,200	4,604
Total comprehensive income attributable to:-				
- Owners of the Company	11,531	2,552	12,170	4,723
- Non-Controlling interests	13	(18)	30	(119)
	11,544	2,534	12,200	4,604
Earnings per share (sen) attributable to Owners of the Company				
- Basic	4.23	0.99	4.51	1.86
- Diluted	4.23	n/a	4.51	n/a

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018 and the Explanatory Notes for the quarter ended 31 December 2018)



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

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31/12/18 (Unaudited) RM'000	As at 30/06/18 (Audited) RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		216,401	225,987
Goodwill on consolidation		1,936	1,936
Intangible assets		295	295
Prepaid leases		112,252	113,613
Deferred tax assets		12,977	337
		343,861	342,168
CURRENT ASSETS			
Prepaid leases		3,023	3,020
Inventories		2,680	2,559
Trade receivables		3,912	3,491
Other receivables, deposits and prepayments		14,964	12,530
Current tax assets		4,217	4,332
Fixed deposits with licensed banks		25,807	22,967
Cash and bank balances		12,354	11,007
		66,957	59,906
TOTAL ASSETS		410,818	402,074
EQUITY AND LIABILITIES			
EQUITY			
Share capital		191,408	183,597
Reserves		74,731	62,319
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		266,139	245,916
Non-controlling interests		1,638	1,850
TOTAL EQUITY		267,777	247,766
NON-CURRENT LIABILITIES			
Long-term borrowings	B8	78,127	90,519
Deferred tax liabilities		2,088	2,008
Deferred income		996	615
		81,211	93,142
CURRENT LIABILITIES			
Trade payables		4,752	4,594
Other payables, deposits received and accruals		23,974	24,386
Amount owing to directors		635	635
Short-term borrowings	B8	28,008	27,750
Bank overdrafts		2,643	2,675
Current tax liabilities		1,818	1,126
		61,830	61,166
TOTAL LIABILITIES		143,041	154,308
TOTAL EQUITY AND LIABILITIES		410,818	402,074
Net assets per share attributable to Owners of the Company (RM)		0.96	0.92

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018 and the Explanatory Notes for the quarter ended 31 December 2018)



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

INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Non-Distributable →				Distributable		Attributable To Owners of The Group	Non- controlling Interests	Total Equity
	Share Capital	Share Premium	Merger Deficit	Revaluation Reserve	Capital Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 Months Ended 31 December 2018									
At 1 July 2018	183,597	-	(56,777)	18,096	1,200	99,800	245,916	1,850	247,766
Profit after taxation for the financial period	-	-	-	-	-	12,170	12,170	30	12,200
Contribution by and distributions to owners of the Company:									
- issue of shares pursuant to exercise of warrants	8,000	-	-	-	-	-	8,000	-	8,000
- shares issuance expenses	(189)	-	-	-	-	-	(189)	-	(189)
	7,811	-	-	-	-	-	7,811	-	7,811
Changes in a subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	242	242	(242)	-
Total transactions with owners	7,811	-	-	-	-	242	8,053	(242)	7,811
At 31 December 2018	191,408	-	(56,777)	18,096	1,200	112,212	266,139	1,638	267,777
6 Months Ended 31 December 2017									
At 1 July 2017	121,442	34,660	(56,777)	18,097	1,200	92,987	211,609	1,773	213,382
Profit after taxation 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 December 2017	128,750	44,116	(56,777)	18,097	1,200	97,864	233,250	1,500	234,750

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018 and the Explanatory Notes for the quarter ended 31 December 2018)



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

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 Months Ended	
	31/12/18 RM'000	31/12/17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,169	5,808
Adjustments for:-		
Amortisation of intangible assets	-	74
Amortisation of prepaid leases	1,510	1,505
Depreciation of property, plant and equipment	12,030	8,064
Interest expense	4,057	2,013
Property, plant and equipment written off	-	75
Interest income	(735)	(182)
Writeback of allowance for doubtful debts	-	(36)
Operating profit before working capital changes	18,031	17,321
(Increase)/Decrease in inventories	(121)	150
Increase in trade and other receivables	(3,390)	(9,717)
Increase in trade and other payables	655	17,683
Cash generated from operations	15,175	25,437
Tax paid	(720)	(1,491)
Interest paid	(4,057)	(2,013)
Interest received	735	182
NET CASH GENERATED FROM OPERATIONS	11,133	22,115
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of prepaid leases	(153)	(556)
Placement of fixed deposits	(2,840)	(5,289)
Purchase of property, plant and equipment	(2,444)	(53,455)
NET CASH USED IN INVESTING ACTIVITIES	(5,437)	(59,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of hire purchase obligations	-	5,103
Drawdown of term loans	-	23,983
Proceeds from issuance of shares from private placement	-	16,953
Proceeds from issuance of shares from exercise of warrants	8,000	-
Repayment of hire purchase obligations	(2,865)	(2,825)
Repayment of term loans	(9,265)	(8,752)
Shares issuance expenses paid	(189)	(190)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	(4,319)	34,272
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,377	(2,913)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	7,025	(1,579)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	8,402	(4,492)
CASH AND CASH EQUIVALENTS COMPRISE:-	31/12/18	31/12/17
	RM'000	RM'000
Fixed deposit with licensed banks	25,807	20,547
Cash and bank balances	12,354	6,926
Bank overdrafts	(2,643)	(10,701)
	35,518	16,772
Less: Fixed deposits pledged with licensed banks	(25,807)	(19,985)
Less: Bank balance held as Escrow	(1,309)	(1,279)
	8,402	(4,492)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 30 June 2018 and the Explanatory Notes for the quarter ended 31 December 2018)



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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018

PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The interim financial statement is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group's annual audited financial statements for the financial year ended 30 June 2018 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. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements of the Group for the financial year ended 30 June 2018 except for the adoption of the relevant new MFRSs, amendments to MFRSs and IC Interpretations that are effective for annual periods beginning on or after 1 January 2019 respectively.

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 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
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
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 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
MFRSs 2014 – 2016 Cycles:	<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 	1 January 2018

A2. Significant Accounting Policies (Cont'd)

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 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019

Amendments/Improvements to MFRSs

MFRS 3	Definition of a Business	1 January 2020
MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
MFRS 10 & MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
MFRS 110 & MFRS 108	Definition of Material	1 January 2020
MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
References to the Conceptual Framework in MFRS Standards		1 January 2020
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, except as follows:-

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

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 2018.

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. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow for the current financial quarter and financial year-to-date other than disclosed in this report.

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

During the financial period ended 31 December 2018, the Company increased its issued and paid up ordinary share capital by way of issuance of 10,000,000 new ordinary shares pursuant to the exercise of warrants.

Save for the above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the six months ended 31 December 2018.

A8. Dividend Paid

There were no dividends paid or proposed during the current financial quarter and financial year-to-date.

A9. Segmental Information

Segmental information is presented in respect of the Group's business segment which form the primary basis of segmental reporting.

(i) The segmental result for the six (6) months ended 31 December 2018 was as follows:

	Food Service Operations RM'000	Amusement and Recreation Operations RM'000	Other Services RM'000	Elimination RM'000	The Group RM'000
Segment revenue					
External revenue	31,652	26,390	8,345	-	66,387
Inter-segment revenue	6,607	173	214	(6,994)	-
Total revenue	38,259	26,563	8,559	(6,994)	66,387
Segment profit/(loss)	6,332	15,971	(3,537)	-	18,766
Depreciation and amortisation					(13,540)
Finance costs					(4,057)
Profit before taxation					1,169
Taxation					11,031
Profit for the period					12,200

A9. Segmental Information (Cont'd)

(ii) The segmental result for the six (6) months ended 31 December 2017 was as follows:

	Food Service Operations RM'000	Amusement and Recreation Operations RM'000	Other Services RM'000	Elimination RM'000	Group RM'000
Segment revenue					
External revenue	30,514	28,567	3,169	-	62,250
Inter segment revenue	3,934	113	1,405	(5,452)	-
Total segment revenue	<u>34,448</u>	<u>28,680</u>	<u>4,574</u>	<u>(5,452)</u>	<u>62,250</u>
Segment profit/(loss)	4,183	22,536	(9,255)	-	17,464
Depreciation and amortisation					(9,643)
Finance costs					(2,013)
Profit before taxation					5,808
Taxation					(1,204)
Profit for the period					<u>4,604</u>

A10. Capital Commitments

Capital commitment for property and equipment not provided for as at 31 December 2018 are as follows:-

	As at 31/12/18 RM'000
Approved and contracted for:-	
Refurbishment work and renovation of attractions and outlets	<u>290</u>

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

There were no material events subsequent to the end of the current quarter.

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 RM87,929,000 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 were no contingent assets as at the date of this report.

A14. Related Party Disclosures

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 Months Ended</u>		<u>6 Months Ended</u>	
	<u>31/12/18</u>	<u>31/12/17</u>	<u>31/12/18</u>	<u>31/12/17</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
(i) Entities controlled by certain key management personnel:-				
Rental income	54	63	109	127
(ii) Directors:-				
Rental expense	(270)	(270)	(540)	(540)



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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 DECEMBER 2018

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

B1. Performance Review

(i) Current Quarter vs Preceding Year Corresponding Quarter

	3 Months Ended		Changes	
	31/12/18 RM'000	31/12/17 RM'000	RM'000	%
Revenue	33,442	32,109	1,333	4%
EBITDA	8,960	9,288	(328)	-4%
Profit before taxation	128	3,348	(3,220)	-96%

The Group achieved revenue, EBITDA and profit before taxation of RM33.4 million, RM9.0 million and RM0.1 million respectively for the current financial quarter ended 31 December 2018. The revenue of RM33.4 million represented an increase of RM1.3 million or 4% as compared to the revenue of RM32.1 million recorded for the corresponding three (3) months period for the financial quarter ended 31 December 2017. For the current financial quarter ended 31 December 2018, the segments of 'Food Service Operations' and 'Amusement and Recreation Operations' were the key contributors to the Group's revenue. Out of the Group's revenue of RM33.4 million, 53% was from the segment of 'Food Service Operations' and 34% was from the segment of 'Amusement and Recreation Operations'.

The segment of 'Food Service Operations' recorded an increase in revenue of RM2.4 million in the current financial quarter mainly due to the impact on the opening of Skytropolis Funland, Genting Highlands Indoor Theme Park at Sky Avenue, Genting Highlands in December 2018, which saw an increase in patrons to our food service outlets in Genting Highlands.

The segment of 'Amusement and Recreation Operations' recorded a decrease in revenue of RM3.9 million in the current financial quarter mainly due to the lower volume of business at The Top, Komtar Tower, Penang. The segment of 'Other Service Operations' recorded an increase in revenue of RM2.8 million in the current financial quarter mainly due to the full 3-months of revenue recognised from the operation of 3 new retail and beauty salon outlets at the Sky Avenue, Genting Highlands in December 2017 and 1 new outlet at The Top, Komtar Tower, Penang in January 2018, as compared to the preceding year corresponding quarter.

B1. Performance Review (cont'd)

(i) Current Quarter vs Preceding Year Corresponding Quarter (Cont'd)

Profit before taxation for the current financial quarter was RM0.1 million as compared to RM3.3 million of the preceding year's corresponding quarter ended 31 December 2017. The decrease in profit before taxation of RM3.2 million was mainly due to higher depreciation and amortisation charge by RM1.9 million and higher finance cost by RM1.0 million. The Group's profit after taxation was RM11.5 million for the quarter ended 31 December 2018. The increase in profit after taxation was mainly due to recognition of deferred taxation that derived from the Investment Tax Allowance ('ITA') incentive granted by Malaysia Investment Development Authority ('MIDA').

(ii) Current Year-to-date vs Preceding Year Corresponding Period

	6 Months Ended		Changes	
	31/12/18 RM'000	31/12/17 RM'000	RM'000	%
Revenue	66,387	62,250	4,137	7%
EBITDA	18,766	17,464	1,302	7%
Profit before taxation	1,169	5,808	(4,639)	-80%

The Group achieved revenue, EBITDA and profit before taxation of RM66.4 million, RM18.8 million and RM1.2 million respectively for the 6-month financial period ended 31 December 2018. The revenue of RM66.4 million represented an increase of RM4.1 million or 7% as compared to the revenue of RM62.3 million recorded for the corresponding 6-months period for the financial quarter ended 31 December 2017. For the current 6-month financial period ended 31 December 2018, the segments of 'Food Service Operations' and 'Amusement and Recreation Operations' were the key contributors to the Group's revenue. Out of the Group's revenue of RM66.4 million, 48% was from the segment of 'Food Service Operations' and 40% was from the segment of 'Amusement and Recreation Operations'.

The segment of 'Food Service Operations' recorded an increase in revenue of RM1.1 million in the current 6-month financial period ended mainly due to the impact on the opening of Skytropolis Funland, Genting Highlands Indoor Theme Park at Sky Avenue, Genting Highlands in December 2018, which saw an increase in patrons to our food service outlets in Genting Highlands.

The segment of 'Amusement and Recreation Operations' recorded a decrease in revenue of RM2.2 million in the current 6-month financial period ended mainly due to the lower volume of business at The Top, Komtar Tower, Penang. The segment of 'Other Service Operations' recorded an increase in revenue of RM5.2 million in the current 6-month financial period ended 31 December 2018 mainly due to the full 6-months of revenue recognition from the operation of 3 new retail and beauty salon outlets at the Sky Avenue, Genting Highlands in December 2017 and 1 new outlet at The Top, Komtar Tower, Penang in January 2018, as compared to the preceding year corresponding period.

Profit before taxation for the current 6-month financial period ended was RM1.2 million as compared to RM5.8 million of the preceding year's corresponding year-to-date ended 31 December 2017. The decrease in profit before taxation of RM4.6 million was mainly due to higher depreciation and amortisation charge by RM3.9 million and higher finance cost by RM2.1 million.

B2. Material Changes in Profit Before Taxation compared with the Immediate Preceding Quarter

Profit before taxation for the current financial quarter was RM0.1 million compared to the immediate preceding quarter of RM1.0 million. The lower profit before taxation by RM0.9 million was mainly due to higher operating costs incurred during the current quarter.

B3. Current Year Prospects

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

- (i) 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
- (ii) opening more food service outlets that expands the range of dining options at new locations.

Premised on the above, the Board is generally positive of the Group’s performance but cautious of the prevailing economic conditions for the financial year ending 30 June 2019.

B4. Profit Forecast and Profit Estimate

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

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

Profit before taxation is stated after charging/(crediting):-

	Individual Quarter	Cumulative Quarter
	3 Months Ended 31/12/18	6 Months Ended 31/12/18
	RM'000	RM'000
Amortisation of prepaid lease	756	1,510
Depreciation of property, plant and equipment	5,989	12,030
Interest expense	2,087	4,057
Interest income	(518)	(735)

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. Taxation

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31/12/18	31/12/17	31/12/18	31/12/17
	RM'000	RM'000	RM'000	RM'000
Current taxation				
Malaysian - current	1,144	814	1,529	1,150
Malaysian - prior year	-	-	-	130
	1,144	814	1,529	1,280
Deferred taxation	(12,560)	-	(12,560)	(76)
	(11,416)	814	(11,031)	1,204

The Group's effective tax rate for the current financial period was higher than the statutory tax rate mainly due to certain expenses which are non-tax deductible. Losses incurred by certain subsidiary companies were also not available to set off against taxable profits in other companies within the Group.

The deferred taxation is derived from the Investment Tax Allowance ('ITA') incentive under the Promotion of Investment Act 1986. Malaysian Investment Development Authority ('MIDA') has granted one of the Group's subsidiary company the said ITA which qualifies the Company to set off against 70% of the statutory business income derived from the approved business activities.

B7. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as at 26 February 2019.

B8. Group Borrowings

	As at 31/12/18 RM'000
Long-term borrowings	
Secured:	
Hire purchase / lease payables	1,123
Term loans	77,004
	<u>78,127</u>
Short-term borrowings	
Secured:	
Hire purchase / lease payables	3,455
Term loans	24,553
	<u>28,008</u>
Total borrowings	<u>106,135</u>

B9. Changes in 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 19 February 2019, being 7 days prior to the date of this report.

B10. Dividends

No dividend was declared for the current financial quarter and financial year-to-date.

B11. Earnings Per Share ("EPS")

(i) Basic earnings per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31/12/18	31/12/17	31/12/18	31/12/17
Profit attributable to Owners of the Company (RM'000)	11,531	2,552	12,170	4,723
Weighted average number of ordinary shares in issue ('000)	272,861	257,500	269,980	253,767
Basic earnings per share (sen)	<u>4.23</u>	<u>0.99</u>	<u>4.51</u>	<u>1.86</u>

(ii) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	3 Months Ended		6 Months Ended	
	31/12/18	31/12/17	31/12/18	31/12/17
Profit attributable to Owners of the Company (RM'000)	11,531	2,552	12,170	4,723
Weighted average number of ordinary shares in issue ('000)	272,861	257,500	269,980	253,767
Adjustment for potential conversion of warrants ('000)	-*	-	-*	-
	<u>272,861</u>	<u>257,500</u>	<u>269,980</u>	<u>253,767</u>
Diluted earnings per share (sen)	<u>4.23</u>	<u>n/a</u>	<u>4.51</u>	<u>n/a</u>

* Potential ordinary shares arising from conversion of warrants are not included in the calculation of diluted earnings per share because they are anti-dilutive.

B12. Operating Lease Commitment

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

	As at 31/12/18 RM'000
Not more than one year	5,984
Later than one year and not later than five years	21,471
Later than five years	102,038
	<u>129,493</u>

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

B13. Auditors' Report On Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2018 was unqualified.

B14. Authorisation Of Issue

The interim financial statement was authorised for issuance by the Board of Directors in accordance with a resolution of the Directors on 26 February 2019.