

BISON CONSOLIDATED BERHAD (1039846-T)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 JULY 2016 ⁽¹⁾

	Note	Current Quarter		Cumulative Quarters	
		3 months ended		9 months ended	
		31 July 2016 RM'000	31 July 2015 ⁽²⁾ RM'000	31 July 2016 RM'000	31 July 2015 ⁽²⁾ RM'000
Revenue		65,115	N/A	191,115	N/A
Cost of sales		(42,794)	N/A	(122,918)	N/A
Gross profit		22,321	N/A	68,197	N/A
Other income		890	N/A	1,515	N/A
Administration expenses		(16,961)	N/A	(48,898)	N/A
Other expenses		(1,372)	N/A	(3,602)	N/A
Finance costs		(128)	N/A	(392)	N/A
Share of profit of jointly controlled entity ⁽³⁾		273	N/A	1,015	N/A
Profit before tax		5,023	N/A	17,835	N/A
Tax expense		(968)	N/A	(4,008)	N/A
Net profit for the period		4,055	N/A	13,827	N/A
Other comprehensive income, net of tax		-	N/A	-	N/A
Total comprehensive income		4,055	N/A	13,827	N/A
Profit attributable to:					
Equity holders of the company		4,055	N/A	13,827	N/A
Basic earnings per ordinary share (sen)	B12	1.31	N/A	5.19	N/A
Diluted earnings per ordinary share (sen)	B12	1.31	N/A	5.19	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are disclosed in Note A2 and should be read in conjunction with the Accountants' Report for the financial years ended 31 October 2013, 2014 and 2015 as disclosed in the prospectus of Bison Consolidated Berhad ("Bison" or the "Company") dated 4 March 2016 ("Prospectus") and the accompanying explanatory notes as attached to this interim financial report.
- (2) No comparative figures for the corresponding period of the preceding year are available as this is the Company's third interim financial report on its consolidated results for the third quarter ended 31 July 2016 prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").
- (3) This was previously disclosed as an associate company of the Group and there is no financial impact arising from this reclassification.

N/A – Not applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited 31 July 2016 RM'000	Audited 31 October 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	53,771	46,679
Intangible asset	5	6
Investment in jointly controlled entity	2,583	1,568
Other investments ⁽²⁾	58,063	5
Total non-current assets	114,422	48,258
Current assets		
Inventories ⁽³⁾	26,797	21,755
Trade receivables	4,631	4,169
Other receivables	19,168	16,989
Amount due from jointly controlled entity	1,165	1,244
Amount due from related parties	-	1
Tax recoverable	-	16
Other investments ⁽²⁾	14,766	-
Short-term deposits with licensed banks	985	925
Cash and bank balances	11,427	6,092
Total current assets	78,939	51,191
Total Assets	193,361	99,449

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited 31 July 2016 RM'000	Audited 31 October 2015 RM'000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	62,014	45,890
Share premium	67,320	0
Retained earnings	56,175	47,000
Revaluation reserve	8,561	8,561
Merger deficit	(45,952)	(45,952)
Total equity	148,118	55,499
LIABILITIES		
Non-current liabilities		
Bank borrowings	7,281	8,276
Finance lease liabilities	432	471
Deferred tax liabilities	2,255	2,108
Total non-current liabilities	9,968	10,855
Current liabilities		
Trade payables	20,804	21,446
Other payables	11,479	9,600
Amount due to related parties	31	131
Amount due to a director	-	5
Bank borrowings	1,318	1,266
Finance lease liabilities	217	194
Tax payable	1,426	453
Total current liabilities	35,275	33,095
Total liabilities	45,243	43,950
Total equity and liabilities	193,361	99,449
Net assets per share (RM) ⁽⁴⁾	0.48	0.24

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A2 and should be read in conjunction with the Accountants' Report for the financial years ended 31 October 2013, 2014 and 2015 as disclosed in the Prospectus and the accompanying explanatory notes as attached to this interim financial report.
- (2) Other investments comprise placements of IPO proceeds in money market instruments fund. The classification as non-current and current assets is based on the tenure of placements.
- (3) Includes RM160,224 in foreign currencies notes held for the purpose of our money changing business
- (4) Based on the issued and fully paid-up share capital of 310,070,000 ordinary shares (par value of RM0.20) as at 31 July 2016.

N/A – Not applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	← Attributable to owners of the Company →					Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Non- Distributable		Distributable Retained Earnings RM'000	
			Revaluation Reserve RM'000	Merger Deficit RM'000		
At 1 November 2015	45,890	-	8,561	(45,952)	47,000	55,499
Issuance of new shares	16,124	72,558	-	-	-	88,682
Share issuance expenses	-	(5,238)	-	-	-	(5,238)
Dividends					(4,652)	(4,652)
Total comprehensive income for the period	-	-	-	-	13,827	13,827
At 31 July 2016	<u>62,014</u>	<u>67,320</u>	<u>8,561</u>	<u>(45,952)</u>	<u>56,175</u>	<u>148,118</u>

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A2 and should be read in conjunction with the Accountants' Report for the financial years ended 31 October 2013, 2014 and 2015 as disclosed in the Prospectus and the accompanying explanatory notes as attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

Cumulative Quarters

9 months ended

	31 July 2016 RM'000	31 July 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	17,835	N/A
Adjustments for:		
Depreciation of property, plant and equipment	3,190	N/A
Amortisation of intangible asset	neg. ⁽²⁾	N/A
Bad debts written off	12	N/A
Dividend income from quoted investments	neg. ⁽³⁾	N/A
Dividend income from other investments	(767)	N/A
Gain on disposal of property, plant and equipment	(5)	N/A
Negative goodwill on acquisition of a subsidiary	(51)	N/A
Property, plant and equipment written off	394	N/A
Share of profit of jointly controlled entity	(1,015)	N/A
Interest expense	392	N/A
Interest income	(242)	N/A
Initial public offering exercise expenses	1,149	N/A
Operating profit before working capital	20,892	N/A
Changes in working capital:		
Increase in inventories	(5,033)	N/A
Increase in receivables	(2,616)	N/A
Increase in payables	1,186	N/A
Decrease in amount due to a director	(5)	N/A
Decrease in amount due from associate	79	N/A
Decrease in amount due to related parties	(99)	N/A
Cash generated from operations	14,404	N/A
Tax refunded	20	N/A
Tax paid	(2,891)	N/A
Net cash from operating activities	11,533	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income from quoted investments	neg. ⁽³⁾	N/A
Dividend income from other investments	767	N/A
Proceeds from disposal of property, plant and equipment	61	N/A
Purchase of property, plant and equipment	(10,353)	N/A
Placement of fixed deposits	(60)	N/A
Placement of funds in other investments	(72,824)	N/A
Interest income	242	N/A
Acquisition of a subsidiary	(145)	N/A
Net cash used in investing activities	(82,312)	N/A

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	Cumulative Quarters 9 months ended	
	31 July 2016	31 July 2015
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(392)	N/A
Repayment of term loans	(943)	N/A
Repayment of finance lease liabilities	(193)	N/A
Proceeds from issuance of shares	88,682	N/A
Share issuance expenses	(6,387)	N/A
Dividends paid	(4,652)	N/A
Net cash from financing activities	76,115	N/A
Net increase in cash and cash equivalents	5,336	N/A
Cash and cash equivalents at 1 November 2015	6,418	N/A
Cash and cash equivalents at 31 July 2016	11,754	N/A
Reconciliation of cash and cash equivalents		
Cash and bank balances	11,427	N/A
Short-term deposits with licensed banks	985	N/A
	12,412	N/A
Less: short-term deposits pledged to a licensed bank	(658)	N/A
	11,754	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flow is disclosed in Note A2 and should be read in conjunction with the Accountants' Report for the financial years ended 31 October 2013, 2014 and 2015 as disclosed in the Prospectus and the accompanying explanatory notes as attached to this interim financial report.
- (2) Negligible – RM600
- (3) Negligible – RM244

N/A – Not applicable

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A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2016

A1 CORPORATE INFORMATION

The principal activity of the Company is investment holding while its subsidiaries are principally involved in the business of press and convenience retailing, comprising the operations of a press and convenience retail chain in Malaysia under the main trade name of “myNEWS.com”.

The Company and its subsidiaries are collectively referred to as the Group.

A2 BASIS OF PREPARATION

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Listing Requirements.

This is the third interim financial report on the Company’s consolidated results for the third quarter ended 31 July 2016 prepared in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period/s.

The interim financial report should be read in conjunction with the Accountants’ Report for the financial years ended 31 October 2013, 2014 and 2015 as disclosed in the Prospectus.

A3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentations adopted by the Group are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 October 2015 as disclosed in the Accountants’ Report in the Prospectus.

A4 AUDITORS’ REPORT

There was no qualification on the audited financial statements of the Group for the financial year ended 31 October 2015.

A5 SEASONAL OR CYCLICAL FACTORS

The Group does not experience any material seasonality in sales revenue except for the shorter month in February, which thereafter normalises until the Ramadan fasting month when sales revenue experience a reduction again.

A6 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the quarter under review

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A7 CHANGES IN ESTIMATES

There were no changes in estimates that had a material effect in the current financial quarter under review.

A8 DEBT AND EQUITY SECURITIES

Initial Public Offering (“IPO”)

The Company issued 80,620,000 new ordinary shares of RM0.20 each at an issue price of RM1.10 per share (“Public Issue”) pursuant to the IPO exercise which shares were listed on Main Market of Bursa Malaysia Securities Berhad on 29 March 2016.

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A9 DIVIDEND PAID

During the current quarter, the Company paid an interim single tier dividend of 1.5 sen per ordinary share on 29 July 2016 amounting to RM4.65 million.

A10 SEGMENTAL INFORMATION

The Group operates wholly within Malaysia and is involved only in the press and retail convenience segment. As such it does not present its results by either geographical or industry segment.

A11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT QUARTER

There was no material event subsequent to the end of the current financial quarter and up to the date of this report

A12 CHANGES IN COMPOSITION OF THE GROUP

There was no change in the composition of the Group during the current financial quarter under review except for the acquisition of a 100% equity interest in Otaru Fine Food Sdn Bhd

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent assets as at the date of this interim report. Contingent liabilities of the Group as at 31 July 2016 comprised bank guarantees facility in favour of a jointly controlled entity as security for tenancies deposits amounting to RM658,125.

A14 CAPITAL COMMITMENTS

The capital commitments of the Group as at 31 July 2016 were as follows:

	RM'000
Authorised and contracted for:	
- Purchase of property, plant and equipment	<u>7,869</u>

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A15 PROPERTY, PLANT AND EQUIPMENT

During the nine (9) months ended 31 July 2016, the Group acquired assets of RM10.35 million comprised mainly of furniture and fittings, renovation, equipment and computers incurred principally for the setting up of new outlets and refurbishment of the existing outlets.

A16 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Current Quarter		Cumulative Quarters	
	3 months ended		9 months ended	
	31 July 2016 RM'000	31 July 2015 RM'000	31 July 2016 RM'000	31 July 2015 RM'000
Transactions with jointly controlled entity				
Management fees earned	(108)	N/A	(356)	N/A
Transactions with related parties				
Sales	neg. ⁽¹⁾	N/A	(1)	N/A
Purchases	167	N/A	619	N/A
Office rental expense	18	N/A	54	N/A
Hostel rental expense	17	N/A	52	N/A
Advertising and promotion income	(37)	N/A	(39)	N/A

Notes:

(1) Negligible – RM460

N/A – Not applicable

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B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD, MAIN MARKET LISTING REQUIREMENT (AS PER APPENDIX 9B)

B1 REVIEW OF PERFORMANCE

Review of current quarter performance

The Group recorded revenue of RM65.11 million and profit before tax of RM5.02 million for the third quarter ended 31 July 2016.

Food and beverage ("F&B"), together with tobacco remained the largest revenue contributors making up 75.1% of the Group's revenue. The Group's gross profit was RM22.32 million, equivalent to a gross profit margin of 34.3%.

The Group's third quarter sales performance was affected by seasonal down trend during the fasting month of Ramadan in June which was mitigated by revenue generated from new stores opened during the year and Other Operational Income such as Advertising & Promotion and Sales Rebates. The dividend income from investment in money market instrument funds also boosted the Group's performance to record a profit after tax of RM4.06 million or a 6.2% net profit margin.

During the current quarter, the Group acquired Otaru Fine Food Sdn Bhd ("Otaru"). With this purchase, Otaru has increased the supply of bakery products to our outlets. The Group has also signed the sales and purchase agreement for a piece of land in Rawang for the construction of the food processing centre under Otaru.

Review of nine months performance

For the nine months ended 31 July 2016, the Group's revenue was RM191.11 million and its profit before tax was RM17.84 million after deduction of IPO expenses of RM1.15 million. The gross profit margin was 35.7% or RM68.20 million.

The slight drop in gross profit margin compared to the first half year was due to the normalisation effect of tobacco sales, a consequence of the nationwide price revision and the annual sales rebates for merchandise which contributed to the higher margin in the first quarter.

During the nine months ended 31 July 2016, there was a net increase of 48 outlets to the Group's myNEWS.com chain, resulting in a total of 277 outlets (excluding the "WHSmith" outlets and the Bison Café) at the end of the period. During the same period, there remain a total of 8 "WHSmith" outlets operated by WH Smith Malaysia Sdn Bhd, a 50% jointly controlled entity of Bison.

B2 MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

The Group's profit before tax ("PBT") margin for the current quarter is 7.7% which is slightly lower as compared to the immediate preceding quarter of 8.1% mainly due to drop in listing charges from new products launches during the fasting month.

B3 PROSPECTS

The Board of Directors foresees the economic landscape, both locally and globally to be more challenging and uncertain. With the initiatives planned for Bison's growth being implemented on schedule such as the opening of new outlets, adding a new processing centre, enhancing its logistic capabilities and strengthening its backend support and processes, the Board is

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optimistic that the Group is able to maintain its growth and profitability trend for the financial year.

B4 VARIANCE OF ACTUAL RESULTS FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter		Cumulative Quarters	
	3 months ended		9 months ended	
	31 July 2016 RM'000	31 July 2015 RM'000	31 July 2016 RM'000	31 July 2015 RM'000
Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	1,163	N/A	3,190	N/A
Amortisation of intangible asset	neg. ⁽¹⁾	N/A	neg. ⁽²⁾	N/A
Property, plant and equipment written off	209	N/A	394	N/A
Interest expense	128	N/A	392	N/A
Bad debts written off	-	N/A	12	N/A
Initial public offering exercise expenses	-	N/A	1,149	N/A
And after crediting:				
Interest income	(29)	N/A	(242)	N/A
Dividend income from other investments	(676)	N/A	(767)	N/A
Gain on disposal of property, plant and equipment	(11)	N/A	(5)	N/A

Notes:

(1) Negligible - RM200

(2) Negligible – RM600

N/A – Not applicable

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements are not applicable.

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B6 TAX EXPENSE

	Current Quarter		Cumulative Quarters	
	3 months ended		9 months ended	
	31 July 2016 RM'000	31 July 2015 RM'000	31 July 2016 RM'000	31 July 2015 RM'000
Income tax expense:				
Provision for current period	920	N/A	3,991	N/A
Over provision in prior year	(100)	N/A	(130)	N/A
Deferred tax:				
Provision for current period	148	N/A	149	N/A
Over provision in prior year	-	N/A	(2)	N/A
Total tax expense:	968	N/A	4,008	N/A

Notes:

N/A – Not applicable

Tax expense is recognised based on management's best estimates.

B7 STATUS OF CORPORATE PROPOSAL

There was no corporate proposal announced but not completed as at the date of this report.

B8 UTILISATION OF PROCEEDS

The status of utilisation of the proceeds from the Public Issue of 80,620,000 new ordinary shares at RM1.10 per share as at 31 July 2016 is as follows:

	Purposes	Proposed Utilisation	Actual Utilisation	Deviation	Balance	Estimated Timeframe for Utilisation
		RM'000	RM'000	RM'000	RM'000	RM'000
a)	Capital expenditure	50,000	3,395	-	46,605	Within 36 months
b)	Working capital	32,230	7,638	-	24,592	Within 36 months
c)	Estimated listing expenses	6,450	6,387	(63)	-	Within 3 months
	Total	88,680	17,420	(63)	71,197	

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B9 BORROWINGS AND DEBT SECURITIES

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

	Unaudited	Unaudited
	As at	As at
	31 July 2016	31 July 2015
	RM'000	RM'000
Short term borrowings		
Secured:		
Term loans	1,318	N/A
Finance lease liabilities	217	N/A
	1,535	N/A
Long term borrowings		
Secured:		
Term loans	7,281	N/A
Finance lease liabilities	432	N/A
	7,713	N/A
Total borrowings		
Secured:		
Term loans	8,599	N/A
Finance lease liabilities	649	N/A
	9,248	N/A

Note:

N/A – Not applicable

B10 MATERIAL LITIGATION

The Board of Directors is not aware of any proceedings pending or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

B11 DIVIDEND

During the current quarter, the Company paid an interim single tier dividend of 1.5 sen per ordinary share on 29 July 2016 amounting to RM4.65 million.

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B12 EARNINGS PER SHARE

	Current Quarter		Cumulative Quarters	
	3 months ended		9 months ended	
	31 July 2016	31 July 2015	31 July 2016	31 July 2015
Profit attributable to equity holders of the company (RM'000)	4,055	N/A	13,827	N/A
Weighted average number of ordinary shares in issue ('000)	310,070	N/A	226,229	N/A
Basic earnings per share (sen) ⁽¹⁾	1.31	N/A	5.19	N/A
Diluted earnings per share (sen) ⁽¹⁾	1.31	N/A	5.19	N/A

Notes:

(1) The basic/diluted earnings per share is computed based on the profit attributable to the equity holders of the company divided by the weighted average number of ordinary shares in issue for the period under review.

N/A Not applicable

B13 DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at 31 July 2016 is analysed as follows:

	Unaudited	Unaudited
	As at 31 July 2016	As at 31 July 2015
	RM'000	RM'000
The retained earnings of the Group		
Realised	56,175	N/A
Unrealised	-	N/A
Total Group earnings as per unaudited condensed financial statements	56,175	N/A

Note:

N/A – Not applicable