



The Board of Directors of Mynews Holdings Berhad is pleased to present the unaudited interim financial report of Mynews Holdings Berhad and its subsidiaries (“Mynews” or the “Group”) for the fourth quarter ended 31 October 2017. This report should be read in conjunction with its audited financial statements for the financial year ended 31 October 2016 and the accompanying notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017**

i) Current quarter and financial year to date

	Current Quarter 3 months ended				Cumulative Quarters 12 months ended			
	31 Oct 2017 RM'000	31 Oct 2016 RM'000	Changes Fav/(Unfav) RM'000 %		31 Oct 2017 RM'000	31 Oct 2016 RM'000	Changes Fav/(Unfav) RM'000 %	
Revenue	89,262	72,917	16,345	22.4	326,460	264,031	62,429	23.6
Cost of sales	(57,475)	(46,655)	(10,820)	(23.2)	(206,689)	(169,572)	(37,117)	(21.9)
Gross profit	31,787	26,262	5,525	21.0	119,771	94,459	25,312	26.8
Other income	574	1,076	(502)	(46.7)	2,650	2,590	60	2.3
Operating expenses	(24,073)	(19,689)	(4,384)	(22.3)	(86,261)	(68,587)	(17,674)	(25.8)
Other expenses	(1,794)	(1,844)	50	2.7	(6,982)	(5,447)	(1,535)	(28.2)
Finance costs	(86)	(113)	27	23.9	(421)	(505)	84	16.6
Share of profit in jointly controlled entity	468	42	426	1,014.3	1,758	1,111	647	58.2
Profit before tax	6,876	5,734	1,142	19.9	30,515	23,621	6,894	29.2
Tax expenses	(1,575)	(1,481)	(94)	(6.3)	(6,480)	(5,488)	(992)	(18.1)
Profit after tax, representing comprehensive income for the period/year	5,301	4,253	1,048	24.6	24,035	18,133	5,902	32.5
Profit attributable to:								
Owners of the Company	5,301	4,253	1,048	24.6	24,035	18,133	5,902	32.5
Basic / Diluted earnings per ordinary share (sen) (Note B12)	1.70	1.37	0.33	24.1	7.74	6.56	1.18	18.0

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017**

ii) Current quarter compared with immediate preceding quarter

	Current Quarter 31 Oct 2017	Immediate Preceding Quarter 31 Jul 2017	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
Revenue	89,262	81,708	7,554	9.2
Cost of sales	(57,475)	(51,273)	(6,202)	(12.1)
Gross profit	31,787	30,435	1,352	4.4
Other income	574	444	130	29.3
Operating expenses	(24,073)	(21,117)	(2,956)	(14.0)
Other expenses	(1,794)	(2,050)	256	12.5
Finance costs	(86)	(108)	22	20.4
Share of profit in jointly controlled entity	468	395	73	18.5
Profit before tax	6,876	7,999	(1,123)	(14.0)
Tax expense	(1,575)	(1,824)	249	13.7
Profit after tax, representing comprehensive income for the period	5,301	6,175	(874)	(14.2)
Profit attributable to:				
Owners of the Company	5,301	6,175	(874)	(14.2)
Basic/diluted earnings per ordinary share (sen)	1.70	1.99	(0.29)	(14.6)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2017

	Notes	Unaudited 31 October 2017 RM'000	Audited 31 October 2016 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		80,594	65,266
Investment in jointly controlled entity		4,436	2,678
Other investments		-	8,644
Total non-current assets		85,030	76,588
Current assets			
Inventories	1	31,644	29,782
Trade receivables		8,066	6,956
Other receivables	2	28,769	18,459
Amount due from jointly controlled entity		1,201	1,219
Amount due from related parties		9	14
Other investments	3	107,806	54,691
Short-term deposits with licensed banks		1,828	1,058
Cash and bank balances		20,022	15,675
Total current assets		199,345	127,854
Total assets		284,375	204,442

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2017 (Cont'd)

Notes	Unaudited 31 Oct 2017 RM'000	Audited 31 Oct 2016 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	201,580	62,014
Share premium	-	67,320
Revaluation reserve	8,561	8,561
Merger deficit	(45,952)	(45,952)
Retained earnings	77,455	60,481
Total equity	241,644	152,424
LIABILITIES		
Non-current liabilities		
Bank borrowings	5,579	6,934
Finance lease liabilities	746	377
Deferred tax liabilities	3,134	2,588
Total non-current liabilities	9,459	9,899
Current liabilities		
Trade payables	21,099	26,081
Other payables	10,086	14,337
Amount due to related parties	-	60
Amount due to a director	-	36
Bank borrowings	1,335	1,335
Finance lease liabilities	356	216
Tax payable	396	54
Total current liabilities	33,272	42,119
Total liabilities	42,731	52,018
Total equity and liabilities	284,375	204,442
Net assets per share (RM)	0.71	0.49

Notes:

- 1 Included in inventories are foreign currencies equivalent to RM507,000 held for the money changing business.
- 2 Included herein is RM5,000,000 paid as deposit for the acquisition of the property as reported in Note A11(a).
- 3 Other investments comprised placement of funds in money market instrument funds.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017**

	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Retained Earnings RM'000	Total Equity RM'000
As at 1 November 2016	62,014	67,320	8,561	(45,952)	60,481	152,424
Transfer pursuant to S618(2) of CA 2016 ⁽¹⁾	67,320	(67,320)	-	-	-	-
Issuance of new shares ⁽²⁾	72,246	-	-	-	-	72,246
Share issuance expenses ⁽³⁾	-	-	-	-	(860)	(860)
Dividends	-	-	-	-	(6,201)	(6,201)
Total comprehensive income for the year	-	-	-	-	24,035	24,035
As at 31 October 2017	201,580	-	8,561	(45,952)	77,455	241,644
As at 1 November 2015	45,890	-	8,561	(45,952)	47,000	55,499
Issuance of new shares ⁽²⁾	16,124	72,558	-	-	-	88,682
Share issuance expenses ⁽³⁾	-	(5,238)	-	-	-	(5,238)
Dividends	-	-	-	-	(4,652)	(4,652)
Total comprehensive income for the year	-	-	-	-	18,133	18,133
As at 31 October 2016	62,014	67,320	8,561	(45,952)	60,481	152,424

Notes:

- (1) Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016") which came into effect on 31 January 2017, any outstanding share premium and capital redemption reserve accounts shall become part of the share capital account. Under the transitional provision in Section 618 (3) of the CA 2016, the Company on 30 August 2017 proposed to use the credit of RM67,320,000 being transferred from the share premium account to the share capital account for the issuance of bonus shares on the basis of one (1) bonus share for every existing Mynews share held on 20 December 2017 being the entitlement date resolved by the Board of Directors on 6 December 2017, at RM0.20 per bonus share being the par value of the Mynews shares immediately before the effective date of the CA 2016.
- (2) During the current quarter, the Company issued 31,007,000 new ordinary shares, being 10% of its existing paid-up number of shares via a private placement at an issue price of RM2.33 per share. Whereas in the preceding year, the Company had issued 80,620,000 new ordinary shares of RM0.20 each at an issue price of RM1.10 per share to the public in conjunction with its initial public offering for the listing and quotation of the Company's enlarged and paid-up share capital comprising 310,070,000 ordinary shares on the Main Market of Bursa Malaysia Securities Berhad in March 2016 ("IPO").



MYNEWS HOLDINGS BERHAD (1039846-T)
(formerly known as BISON CONSOLIDATED BERHAD)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)**

Notes (Cont'd):

- (3) The share issuance expenses for the private placement as in Note (2) above which amounted to RM860,000 have been written off against retained earnings in accordance to MFRS 101 Presentation of Financial Statements. Those expenses of the preceding year IPO exercise amounted to RM6,387,000, of which RM5,238,000 was written off against share premium account pursuant to Section 60 of the then Companies Act 1965 and the balance of RM1,149,000 was expensed off in the profit or loss in the financial year ended 31 October 2016.

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017**

	Cumulative Quarters 12 months ended	
	31 October 2017	31 October 2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	30,515	23,621
Adjustments for:		
Depreciation of property, plant and equipment	6,002	4,480
Bad debts written off	-	15
Loss/(Gain) on disposal of property, plant and equipment	57	(5)
Negative goodwill on acquisition of a subsidiary	-	(51)
Dividend income from other investments	(1,909)	(703)
Gain on fair value adjustment of other investments	-	(688)
Interest expense	420	505
Share of profit in jointly controlled entity	(1,758)	(1,111)
Property, plant and equipment written off	925	926
Interest income	(225)	(395)
Unrealised foreign exchange loss / (gain)	5	(105)
Listing expenses	-	1,150
Intangible asset written off	-	6
Operating profit before working capital changes	34,032	27,645
Changes in working capital		
Increase in inventories	(1,867)	(8,018)
Increase in receivables	(6,420)	(4,010)
(Decrease) / Increase in payables	(9,962)	9,369
(Decrease) / Increase in amount due to a director	(36)	31
Decrease in amount due from jointly controlled entity	18	25
Decrease in amount due to related parties	(55)	(5)
Cash generated from operations	15,710	25,037
Tax refunded	-	20
Tax paid	(5,592)	(5,412)
Net cash from operating activities	10,118	19,645
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income from other investments	1,909	704
Proceeds from disposal of property, plant and equipment	162	113
Purchase of property, plant and equipment	(21,745)	(23,725)
Placement of deposit for purchase of property	(5,000)	-
Placement of funds in other investments	(44,471)	(62,641)
Placement of fixed deposits	(70)	(60)
Interest income	51	322
Acquisition of a subsidiary	-	(193)
Net cash used in investing activities	(69,164)	(85,480)



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)**

	Cumulative Quarters 12 months ended	
	31 October 2017	31 October 2016
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(421)	(505)
Repayment of term loans	(1,355)	(1,273)
Drawdown of finance lease liabilities	729	-
Repayment of finance lease liabilities	(220)	(297)
Proceeds from issuance of shares	72,246	88,682
Share issuance expenses	(860)	(6,387)
Dividend paid	(6,201)	(4,652)
Repayment to related parties	-	(78)
Net cash from financing activities	63,918	75,490
Net increase in cash and cash equivalents	4,874	9,655
Cash and cash equivalents at 1 November	16,074	6,419
Cash and cash equivalents at 31 October	20,948	16,074
Reconciliation of cash and cash equivalents		
Cash and bank balances	20,022	15,675
Short-term deposits with licensed banks	1,828	1,057
	<u>21,850</u>	<u>16,732</u>
Less: short-term deposits pledged to a licensed bank	(902)	(658)
	<u>20,948</u>	<u>16,074</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017

A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING (“MFRS”)

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 predominantly under the trade name of “myNEWS.com”.

A2 BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Appendix B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). It should be read in conjunction with the audited financial statements of Mynews for the financial year ended 31 October 2016.

A3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 October 2016. In the previous years, the financial statements of the Group and the Company were prepared in accordance with Malaysian Financial Reporting Standard (“MFRSs”).

At the date of issuance of this quarterly report, the MFRSs, and amendments to MFRSs which are in issue but not yet effective are listed below:

Description	Effective for annual financial periods beginning on or after
<i>Amendments to MFRS 107 Statement of Cash Flows: Disclosures Initiatives</i>	1 January 2017
<i>Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
<i>Amendments to MFRS 12: Disclosure of Interest in Other Entities (under Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2017
<i>Amendments to MFRS 2 Share-based Payment: Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
<i>MFRS 15: Revenue from Contracts with Customers</i>	1 January 2018
<i>Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
<i>Amendments to MFRS 140 Investment Property: Transfers of Investment Property</i>	1 January 2018

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)

A3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Description	Effective for annual financial periods beginning on or after
<i>Amendments to MFRS 7: Financial Instruments – Disclosure Mandatory Effective Date of MFRS 9 and transition disclosures</i>	1 January 2018
<i>MFRS 9: Financial Instrument (2014)</i>	1 January 2018
<i>MFRS 15: Revenue from Contracts with Customers</i>	1 January 2018
<i>Amendments to MFRS 128: Investment in Associate and Joint Ventures – Measuring an associate or joint venture at fair value (Annual Improvement 2014 – 2016 Cycle)</i>	1 January 2018
<i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2018
<i>IC Interpretation 22: Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
<i>MFRS 16: Leases</i>	1 January 2019
<i>IC Interpretation 23 Uncertainty over Income Tax Treatments</i>	1 January 2019
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred indefinitely

The Group has not early adopted any of the new or revised standards and amendments to standards that have been issued but not yet effective for the Group. The Group intends to adopt these standards, if applicable, when they become effective. The initial application of the new or revised MFRSs and Amendments to MFRSs, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements of the Group upon their initial adoption, other than MFRS 16: Leases which will be effective from 1 January 2019. The adoption of MFRS 16: Leases will have an effect on the classification and measurement of the Group's lease assets and liabilities.

A4 AUDITORS' REPORT

There was no qualification on the audited financial statements of the Group for the financial year ended 31 October 2016.

A5 SEASONAL OR CYCLICAL FACTORS

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)

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

Except for the private placement, there were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the quarter under review. Details of the private placement are as disclosed in Notes A8 and B8(b).

A7 CHANGES IN ESTIMATES

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

A8 DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial quarter under review apart from the issuance of 31,007,000 ordinary shares being 10% of the Company's paid-up number of shares via a private placement at an issue price of RM2.33 per share and the new shares were listed on Bursa Securities on 25 October 2017.

A9 DIVIDEND PAID

In the previous quarter, the Company declared an interim dividend of 2 sen per share amounting to RM6,201,400 which was paid on 15 August 2017.

A10 SEGMENTAL INFORMATION

The Group operates in the press and retail convenience segment in Malaysia and has a licensing arrangement in Myanmar. The contribution from Myanmar is insignificant and as such the Group does not present its results by geographical or industry segment.

A11 SUBSEQUENT MATERIAL EVENTS

At the Extraordinary General Meeting held on 5 December 2017, the shareholders approved the following:

- (a) Acquisition by Mynews Retail Sdn Bhd (formerly known as Bison Stores Sdn Bhd), a wholly owned subsidiary, of a parcel of leasehold industrial land, measuring 17,869 square metres together with a single storey warehouse with an annexed 3-storey office block bearing postal address Lot 3, Jalan Teknologi 3/1, Taman Sains Selangor, Seksyen 3, PJU 5, Kota Damansara, 47810 Petaling Jaya from Leno Marketing Sdn Bhd for a purchase consideration of RM50,000,000 only. The acquisition was completed on 5 December 2017.
- (b) Bonus issue of 341,077,000 new Mynews shares on the basis of one (1) bonus share for every existing Mynews share held by the entitled shareholders whose names appear in the Record of Depositors of Mynews on an entitlement date to be determined later. On 6 December 2017, the Board of Directors resolved to fix the entitlement date for the bonus issue on 20 December 2017 which the new shares would be listed on Bursa Securities on 21 December 2017.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)

A11 SUBSEQUENT MATERIAL EVENTS (Cont'd)

- (c) Establishment of an Employees' Share Option Scheme of up to 10% of the total number of issued shares of the Company at any point in time to be granted to eligible directors and employees of Mynews and its subsidiaries which has yet to be implemented at the date of this report.
- (d) The change of the Company's name to Mynews Holdings Berhad. The new name was registered on 11 December 2017 with the Companies Commission of Malaysia and announced to Bursa Securities on 14 December 2017.

A12 CHANGES IN COMPOSITION OF THE GROUP

There was no change in the composition of the Group during the financial quarter under review.

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 October 2017 comprised of bank guarantees totalling RM754,000 issued for security deposits in respect of tenancy of outlets of the jointly controlled entity and subsidiaries, including security deposit for the money remittance business.

As at the date of this report there are no claims received in respect of the fire which broke out at one of the Mynews' outlets. It is expected that the claims, if any, will be sufficiently covered by insurance.

A14 CAPITAL COMMITMENTS

The capital commitments of the Group as at 31 October 2017 were as follows:

	RM'000
Authorised and contracted for :	
- the purchase of property, plant and equipment	7,102
- investment in joint venture companies	35,700
	<u>42,802</u>
	<u><u>42,802</u></u>

A15 PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 October 2017, the Group acquired assets at the cost of RM22.80 million, which comprised of mainly a factory building in Johor Bahru to be used as a distribution centre, motor vehicles, furniture and fittings, renovation, equipment and computers, principally for the setting up of new outlets.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)

A16 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Current Quarter		Cumulative Quarters	
	3 months ended		12 months ended	
	31 Oct 2017 RM'000	31 Oct 2016 RM'000	31 Oct 2017 RM'000	31 Oct 2016 RM'000
Transactions with jointly controlled entity				
Management fees income	(156)	(124)	(577)	(480)
Transactions with related parties				
Purchases of stocks	159	156	577	774
Office rental expense	18	18	72	72
Hostel rental expense	17	17	70	70
Advertising and promotion income	-	-	(58)	(40)

B COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 REVIEW OF PERFORMANCE

Review of current quarter performance

For the fourth quarter ended 31 October 2017, Mynews recorded revenue of RM89.26 million, an increase of RM16.35 million or 22.4% against the corresponding quarter of 2016 of RM72.92 million. Gross profit for the current quarter was RM31.79 million with a margin of 35.6%, an improvement of RM5.53 million or 21.0% over the corresponding quarter of 2016 of RM26.26 million and margin of 36.0%.

The bigger outlets network resulted in higher operating expenses, mainly establishment, staff and marketing costs. In the current quarter, operating expenses amounted to RM24.07 million, higher than the previous year's corresponding quarter of RM19.69 million by RM4.38 million or 22.3%. The increased operating expenses were in line with the network expansion and Mynews' profit before taxation was RM6.88 million for the current quarter which is RM1.14 million or 19.9% better than the RM5.73 million reported for the corresponding quarter of 2016.



NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

B COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B1 REVIEW OF PERFORMANCE (Cont'd)

Review of twelve-months period performance

For the year ended 31 October 2017, Mynews' revenue was RM326.46 million, an increase of RM62.43 million or 23.6% over last year of RM264.03 million, consequence of improved revenue of all sales categories except for print media.

The Group's gross profit for the year was RM119.77 million with a margin of 36.7% and profit before tax was RM30.52 million compared to the previous year of RM94.46 million with a margin of 35.8% and RM23.62 million respectively. Improvement in gross profit of RM25.31 million or 26.8% and profit before tax of RM6.89 million or 29.2% were the results of improved products margins boosted by higher volume of retail sales and other operating revenue.

Operating expenses were higher in line with the bigger outlets network of 356 compared to last year of 294. Mynews had been more aggressive in driving its marketing campaigns and promotions and coupled with the enlarged staff force to support the Group's expansion contributed to the increased operating expenses by RM17.67 million or 25.8% from last year of RM68.59 million to current year of RM86.21 million.

Mynews had achieved its target of opening 70 outlets in the financial year 2017 and with the closing of 8 outlets, ended the year with 356 outlets. Its jointly controlled entity, WH Smith Malaysia Sdn Bhd had also added 3 new outlets during the year and it now has 12 outlets in the Malaysian airports.

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

The profit before taxation for the current quarter of RM6.88 million was RM1.12 million or 14.0% lower than its immediate preceding quarter of RM8.00 million. Despite the revenue and gross profit being higher by RM7.55 million and RM1.35 million respectively, profit before taxation was lower. This was due mainly to the higher operating costs consequence of having more outlets during the current quarter which the new outlets had yet to realize their potential. During the current quarter, Mynews opened 18 new outlets and had existing 338 outlets compared to 16 new and 326 existing outlets in the immediate preceding quarter.

B3 PROSPECTS

In view of the market challenges and growing competition, the Board remains positive that Mynews is able to deliver profitable results with its on-going efforts to improve products and services offerings and aggressively expanding its foray into ready-to-eat food. Initiatives put in place such as the joint ventures with the Japanese partners to develop the food processing centre is progressing well. The Johor distribution centre is ready for operation pending the final approval by the relevant authorities.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

B COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B4 VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

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

B5 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 October 2017 RM'000	31 October 2016 RM'000	31 October 2017 RM'000	31 October 2016 RM'000
Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	1,695	1,290	6,002	4,480
Property, plant and equipment written off	77	532	925	926
Intangible assets written off	-	6	-	6
Loss/(Gain) on disposal of property, plant and equipment	22	-	57	(5)
Interest expense	86	113	421	505
Bad debts written off	-	3	-	15
Initial public offering exercise expenses	-	-	-	1,150
And after crediting:				
Interest Income	(98)	(147)	(225)	(395)
Dividend income from other investments	(396)	(630)	(1,909)	(1,391)
Unrealised foreign exchange loss/(gain)	5	(105)	5	(105)

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

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

B COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B6 TAX EXPENSE

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 Oct 2017	31 Oct 2016	31 Oct 2017	31 Oct 2016
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Provision for current period	1,389	1,148	6,113	5,139
Overprovision in prior year	-	-	(179)	(130)
Deferred tax:				
Provision for current period	186	333	546	481
Overprovision in prior year	-	-	-	(2)
Total tax expense	<u>1,575</u>	<u>1,481</u>	<u>6,480</u>	<u>5,488</u>

Tax expense is recognised based on management's best estimates. The Group's effective tax rate is lower than the Malaysian's statutory tax rate because one of its wholly-owned subsidiaries is a MSC status company which enjoys certain tax incentives.

B7 STATUS OF CORPORATE PROPOSAL

Except as reported in Note A11, there was no other corporate proposal during the period under review.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

B COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B8 UTILISATION OF PROCEEDS

The status of utilisation of the proceeds from the corporate exercises as at 31 October 2017 was as follows:

(a) Initial public offering of 80,620,000 new ordinary shares at RM1.10 per share in March 2016

	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated Timeframe for Utilisation
a)	Capital expenditure	50,000	47,128	-	2,872	Within 36 months (until 28 March 2019)
b)	Working capital	32,230	25,072	63	7,221	
c)	Listing expenses	6,450	6,387	(63)	-	
	Total	88,680	78,587	-	10,093	

(b) Private placements of 31,007,000 new ordinary shares at RM2.33 per share in October 2017

	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated Timeframe for Utilisation
a)	Acquisition of property	50,000	50,000	-	-	
b)	Investment in food preparation and packaging facilities*	21,386	-	-	21,386	Within 12 months (until 31 October 2018)
c)	Private placement expenses	860	860	-	-	
	Total	72,246	50,860	-	21,386	

* Utilisation of the fund will only commence after the incorporation of the two joint venture companies namely Mynews Ryoyupan Sdn Bhd and Mynews Kineya Sdn Bhd.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

B COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B9 BORROWINGS AND DEBT SECURITIES

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

	Unaudited As at 31 Oct 2017 RM'000	Audited As at 31 Oct 2016 RM'000
Short term borrowings – Secured		
Term loans	1,335	1,335
Finance lease liabilities	356	216
	1,691	1,551
Long term borrowings – Secured		
Term loans	5,579	6,934
Finance lease liabilities	746	377
	6,325	7,311
Total Borrowing -Secured		
Term loans	6,914	8,269
Finance lease liabilities	1,102	593
	8,016	8,862

Note: All the loans in the Group are denominated in Ringgit Malaysia.

B10 MATERIAL LITIGATION

There is no material litigation against or by the Group as at the date of this report.

B11 DIVIDEND

The Board of Directors does not recommend any final dividend for the financial year ended 31 October 2017.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2017 (Cont'd)

B COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B12 EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 Oct 2017	31 Oct 2016	31 Oct 2017	31 Oct 2016
Profit attributable to owners of the Company (RM'000)	5,301	4,253	24,035	18,133
Number of ordinary shares in issue ('000)	341,077	310,070	341,077	310,070
Weighted average number of ordinary shares in issue ('000)	312,429	310,070	310,665	310,070
Basic/diluted earnings per share (sen)	1.70	1.37	7.74	6.56

The basic/diluted earnings per share is computed based on the profit attributable to the owners of the Company divided by the weighted average number of ordinary shares issued for the quarter/year under review. The Company does not have any dilutive potential ordinary shares in issue for the period/year under review.

B13 BREAKDOWN OF REALISED AND UNREALISED PROFITS

The retained earnings as at 31 October 2017 is analysed as follows:

	Unaudited As at 31 Oct 2017 RM'000	Audited As at 31 Oct 2016 RM'000
Retained earnings of the Group		
- Realised	74,326	57,311
- Unrealised	3,129	3,170
Retained earnings as per condensed consolidated statement of changes in equity	77,455	60,481