



The Board of Directors of Mynews Holdings Berhad wish to present the unaudited interim financial report of Mynews Holdings Berhad and its subsidiaries ("Mynews" or "the Group") for the second quarter ended 30 April 2020. This report should be read in conjunction with its audited financial statements for the financial year ended 31 October 2019 and the accompanying notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 APRIL 2020**

**i) Current quarter and financial year to date**

	Current Quarter 3 months ended				Cumulative Quarters 6 months ended			
	30 Apr 2020 RM'000	30 Apr 2019 <sup>(1)</sup> RM'000	Changes Fav/(Unfav) RM'000	%	30 Apr 2020 RM'000	30 Apr 2019 <sup>(1)</sup> RM'000	Changes Fav/(Unfav) RM'000	%
<b>Revenue</b>	123,491	132,982	(9,491)	(7.1)	264,068	256,481	7,587	3.0
Cost of sales	(82,369)	(86,503)	4,134	4.8	(173,011)	(164,539)	(8,472)	(5.1)
<b>Gross profit</b>	41,122	46,479	(5,357)	(11.5)	91,057	91,942	(885)	(1.0)
Other income	347	784	(437)	(55.7)	951	1,521	(570)	(37.5)
Administration expenses	(7,147)	(6,280)	(867)	(13.8)	(14,568)	(13,107)	(1,461)	(11.1)
Selling and distribution expenses	(23,230)	(27,491)	4,261	15.5	(48,145)	(53,768)	5,623	10.5
Other expenses	(13,082)	(3,188)	(9,894)	(310.4)	(25,707)	(5,932)	(19,775)	(333.4)
Finance costs	(1,198)	(803)	(395)	(49.2)	(2,448)	(1,574)	(874)	(55.5)
Share of (loss)/profit in jointly controlled entity	(298)	634	(932)	(147.0)	460	1,360	(900)	(66.2)
<b>(Loss)/Profit before tax</b>	(3,486)	10,135	(13,621)	(134.4)	1,600	20,442	(18,842)	(92.2)
Tax expense	(220)	(2,101)	1,881	89.5	(2,270)	(4,235)	1,965	46.4
<b>(Loss)/Profit after tax, representing comprehensive income for the period</b>	<u>(3,706)</u>	<u>8,034</u>	<u>(11,740)</u>	<u>(146.1)</u>	<u>(670)</u>	<u>16,207</u>	<u>(16,877)</u>	<u>(104.1)</u>
<b>(Loss)/Profit attributable to:</b>								
Owners of the Company	(2,333)	7,951	(10,284)	(129.3)	2,018	16,189	(14,171)	(87.5)
Non-controlling interest	(1,373)	83	(1,456)	(1,754.2)	(2,688)	18	(2,706)	(15,033.3)
	<u>(3,706)</u>	<u>8,034</u>	<u>(11,740)</u>	<u>(146.1)</u>	<u>(670)</u>	<u>16,207</u>	<u>(16,877)</u>	<u>(104.1)</u>
<b>Basic earnings per ordinary share (sen) (Note B11)</b>	<u>(0.34)</u>	<u>1.17</u>	<u>(1.51)</u>	<u>(129.06)</u>	<u>0.30</u>	<u>2.37</u>	<u>(2.07)</u>	<u>(87.3)</u>

**Note (1):**

Refer to Note A3 for restated amount with the effects of MFRS 15 and MFRS 16

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (Cont'd)**
**ii) Current quarter compared with immediately preceding quarter**

	<b>Current Quarter 30 Apr 2020 RM'000</b>	<b>Immediately Preceding Quarter 31 Jan 2020 RM'000</b>	<b>Changes Fav/(Unfav) RM'000      %</b>	
<b>Revenue</b>	123,491	140,577	(17,086)	(12.2)
Cost of sales	(82,369)	(90,642)	8,273	9.1
<b>Gross profit</b>	41,122	49,935	(8,813)	(17.6)
Other income	347	604	(257)	(42.5)
Administration expenses	(7,147)	(7,421)	274	3.7
Selling and distribution expenses	(23,230)	(24,915)	1,685	6.8
Other expenses	(13,082)	(12,625)	(457)	(3.6)
Finance costs	(1,198)	(1,250)	52	4.2
Share of (loss)/profit in jointly controlled entity	(298)	758	(1,056)	(139.3)
<b>(Loss)/Profit before tax</b>	(3,486)	5,086	(8,572)	(168.5)
Tax expense	(220)	(2,050)	1,830	89.3
<b>(Loss)/Profit after tax, representing comprehensive income for the period</b>	(3,706)	3,036	(6,742)	(222.1)
<b>(Loss)/Profit attributable to:</b>				
Owners of the Company	(2,333)	4,351	(6,684)	(153.6)
Non-controlling interest	(1,373)	(1,315)	(58)	(4.4)
	(3,706)	3,036	(6,742)	(222.1)
<b>Basic earnings per ordinary share (sen)</b>	(0.34)	0.64	(0.98)	(153.1)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2020

	Unaudited 30 Apr 2020	Audited 31 Oct 2019
	RM'000	RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	207,440	197,461
Right-of-use assets	106,363	107,669
Investment properties	12,140	12,140
Investment in jointly controlled entity	9,960	9,500
Deferred tax assets	837	837
Other investments	5	5
Fixed deposits with licensed banks	913	913
<b>Total non-current assets</b>	<b>337,658</b>	<b>328,525</b>
<b>Current assets</b>		
Inventories	72,586	62,086
Contract assets	18,928	10,603
Trade receivables	1,449	13,176
Other receivables	31,187	33,758
Amount due from jointly controlled entity	243	312
Tax recoverable	84	47
Other investments	9,765	18,296
Deposits with licensed banks	522	500
Cash and bank balances	14,555	13,736
<b>Total current assets</b>	<b>149,319</b>	<b>152,514</b>
<b>Total assets</b>	<b>486,977</b>	<b>481,039</b>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2020 (Cont'd)

	Unaudited 30 Apr 2020 RM'000	Audited 31 Oct 2019 RM'000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	201,581	201,581
Revaluation reserve	9,392	9,392
Merger deficit	(45,952)	(45,952)
Retained earnings	120,690	118,672
<b>Equity attributable to owners</b>	<b>285,711</b>	<b>283,693</b>
Non-controlling interests	15,636	18,324
<b>Total equity</b>	<b>301,347</b>	<b>302,017</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for restoration costs	2,165	2,005
Bank borrowings	12,755	15,109
Lease liabilities	44,398	40,954
Deferred tax liabilities	6,268	6,038
<b>Total non-current liabilities</b>	<b>65,586</b>	<b>64,106</b>
<b>Current liabilities</b>		
Trade payables	47,812	33,367
Other payables	34,582	41,800
Contract liabilities	599	522
Bank borrowings	13,924	10,950
Lease liabilities	22,539	26,920
Tax payable	588	1,357
<b>Total current liabilities</b>	<b>120,044</b>	<b>114,916</b>
<b>Total liabilities</b>	<b>185,630</b>	<b>179,022</b>
<b>Total equity and liabilities</b>	<b>486,977</b>	<b>481,039</b>
<b>Net assets per share (RM)</b>	<b>0.44</b>	<b>0.44</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 APRIL 2020

	← Attributable to owners of the parent →						
	Share Capital	Revaluation Reserve	Merger Deficit	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 November 2018</b>	201,581	5,844	(45,952)	99,834	261,307	19,394	280,701
Effect of adoption of MFRS 16, leases	-	-	-	(1,904)	(1,904)	-	(1,904)
<b>As at 1 November 2018, restated</b>	201,581	5,844	(45,952)	97,930	259,403	19,394	278,797
Dividend	-	-	-	(6,822)	(6,822)	-	(6,822)
Capital contribution from non- controlling interests	-	-	-	-	-	2,170	2,170
Net profit for the financial year	-	-	-	27,564	27,564	(3,240)	24,324
Other comprehensive income for the financial year	-	3,548	-	-	3,548	-	3,548
<b>As at 31 October 2019</b>	201,581	9,392	(45,952)	118,672	283,693	18,324	302,017
Total comprehensive income for the period	-	-	-	2,018	2,018	(2,688)	(670)
<b>As at 30 April 2020</b>	201,581	9,392	(45,952)	120,690	285,711	15,636	301,347

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 APRIL 2020**

	<b>Cumulative 6 months ended</b>	
	<b>30 Apr 2020</b>	<b>30 Apr 2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,600	20,442
Adjustments for:		
Depreciation of property, plant and equipment	9,521	23,656
Depreciation of right-of-use assets	16,623	-
Net loss on disposal of property, plant and equipment	59	86
Dividend income from other investments	(201)	(643)
Interest expense	2,448	1,574
Share of profit in jointly controlled entity	(460)	(1,360)
Property, plant and equipment written off	383	345
Wastages and stock loss	4,618	-
Bad debts written off	439	-
Interest income	(142)	(145)
<b>Operating profit before working capital changes</b>	<b>34,888</b>	<b>43,955</b>
<b>Changes in working capital</b>		
Inventories	(15,118)	(12,888)
Receivables	13,858	5,563
Payables	7,226	(10,010)
Jointly controlled entity	69	(256)
Contract assets	(8,325)	-
Contract liabilities	77	-
Cash generated from operations	<b>32,675</b>	<b>26,364</b>
Tax refund	53	-
Tax paid	(2,899)	(3,351)
<b>Net cash generated from operating activities</b>	<b>29,829</b>	<b>23,013</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend income from other investments	170	643
Proceeds from disposal of property, plant and equipment	89	14
Purchase of property, plant and equipment	(20,030)	(37,782)
Upliftment of funds in other investments	8,562	19,177
Interest income	142	145
<b>Net cash used in investing activities</b>	<b>(11,067)</b>	<b>(17,803)</b>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (Cont'd)

	Cumulative 6 months ended	
	30 Apr 2020	30 Apr 2019
	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital contribution from non-controlling interest	-	2,234
Drawdown of bank facilities	3,000	4,696
Interest paid	(2,448)	(1,574)
Payment of lease liabilities	(16,094)	(18,444)
Repayment of term loans	(2,379)	(1,518)
<b>Net cash used in financing activities</b>	<b>(17,921)</b>	<b>(14,606)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>841</b>	<b>(9,396)</b>
<b>Cash and cash equivalents at 1 November</b>	<b>14,236</b>	<b>23,618</b>
<b>Cash and cash equivalents at 30 April</b>	<b>15,077</b>	<b>14,222</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and bank balances	14,555	13,723
Deposits with licensed banks	1,435	1,299
	<u>15,990</u>	<u>15,022</u>
Less: Deposits pledged to licensed banks	(913)	(800)
	<u>15,077</u>	<u>14,222</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2020

**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 convenience retailing, predominantly operating a homegrown retail chain in Malaysia with two subsidiaries, Mynews Kineya Sdn Bhd and Mynews Ryoyupan Sdn Bhd, hereinafter referred to as Food Processing Centre (FPC), which produce ready-to-eat meals and bakery products to serve its retail chain.

**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 9B 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 2019.

**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 2019. In the previous years, the financial statements of the Group and the Company were prepared in accordance with Malaysian Financial Reporting Standard (“MFRSs”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 of Malaysia. Mynews has adopted MFRS, amendments and improvements to MFRSs which are mandatory for the financial year. These new standards effective 1 November 2019 do not have material effect on the Group’s financial statements.

Effects of MFRS 15 & 16 as follows:

**i) MFRS 15 Revenue from contracts with customers**

Mynews had adopted MFRS 15 Revenue from contracts with customers in financial year ended 31 October 2019 and the effect of such adoption was reflected only in Quarter 4 2019. The effect of adopting MFRS 15 for the corresponding quarter ended 30 April 2019 is as follows:

	Previously Reported 30 Apr 2019 RM’000	Reclassification RM’000	Restated 30 Apr 2019 RM’000	30 Apr 2020 RM’000	Changes Fav/(Unfav) RM’000	%
Revenue	132,982	(2,306)	130,676	123,491	(7,185)	(5.5)
Cost of sales	(86,503)	2,306	(84,197)	(82,369)	1,828	2.2

**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER 30 APRIL 2020 (Cont'd)**
**A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)**
**A3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**
**ii) MFRS 16 Leases**

Mynews had elected to early adopt MFRS 16 Leases prospectively on 1 November 2018 using the modified retrospective approach. It had not restated the comparative information for financial year ended 31 October 2018 which continued to be reported under MFRS 117 Leases. The effect of the early adoption for the corresponding quarter ended 30 April 2019 is as follows:

	Previously Reported 30 Apr 2019 RM'000	Effect of MFRS 16 RM'000	Restated 30 Apr 2019 RM'000	30 Apr 2020 RM'000	Changes Fav/(Unfav)	
					RM'000	%
Administration expenses	(6,280)	60	(6,220)	(7,147)	(927)	(14.9)
Selling and distribution expenses	(27,491)	7,508	(19,983)	(23,230)	(3,247)	(16.2)
Other expenses	(3,188)	(7,838)	(11,026)	(13,082)	(2,056)	(18.6)
Finance costs	(803)	70	(733)	(1,198)	(465)	(63.4)
	<u>(37,762)</u>	<u>(200)</u>	<u>(37,962)</u>	<u>(44,657)</u>	<u>(6,695)</u>	

**A4 AUDITORS' REPORT**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 October 2019.

**A5 SEASONAL OR CYCLICAL FACTORS**

The Group does not experience any material seasonality in sales.

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

The Government implemented the Movement Control Order ("MCO") to curb the spread of COVID-19 pandemic effective 18 March 2020 until 9 June 2020. During the MCO Malaysians have to abide by the order to stay home. The MCO or lockdown was conditionally relaxed on 4 May 2020. As a result of the MCO, Mynews had to temporarily closed its outlets that were located at locations which were gravely impacted by the MCO. At the same time, the outlets that remained open experienced decline in daily sales.

**A7 CHANGES IN ESTIMATES**

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

**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (Cont'd)**
**A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)**
**A8 DEBT AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the quarter under review.

**A9 DIVIDEND PAID**

There was no dividend declared or paid during the quarter under review.

**A10 SEGMENTAL INFORMATION**

The Group operates in the retail convenience segment in Malaysia and production of ready-to-eat food and bakery products to serve its retail chain. It also has a licensing arrangement in Myanmar. The contribution from Myanmar is insignificant and thus not reported separately.

	Retail RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
For the period ended 30 April 2020				
<b>Revenue</b>				
External	267,128	-	(3,060)	264,068
Inter-segment	-	10,661	(10,661)	-
Revenue	<u>267,128</u>	<u>10,661</u>	<u>(13,721)</u>	<u>264,068</u>
<b>Results</b>				
Depreciation of property, plant and equipment	8,353	1,167	-	9,521
Depreciation of right-of- use assets	16,309	314	-	16,623
Interest income	(125)	(18)	-	(142)
Interest expense	2,337	112	-	2,448
Share of results in jointly controlled entity	(460)	-	-	(460)
Profit/(loss) before tax	<u>4,673</u>	<u>(5,482)</u>	<u>2,409</u>	<u>1,600</u>
Tax	(2,266)	(4)	-	(2,270)
Profit/(loss) after tax	<u><u>2,407</u></u>	<u><u>(5,486)</u></u>	<u><u>2,408</u></u>	<u><u>(670)</u></u>

**A11 SUBSEQUENT MATERIAL EVENTS**

There were no material events subsequent to the current quarter under review and up to the date of this report.



NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (Cont'd)

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

**A12 CHANGES IN COMPOSITION OF THE GROUP**

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

**A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent assets as at 30 April 2020.

The contingent liabilities of the Group as at 30 April 2020 comprised bank guarantees totalling RM1.50 million issued as security deposits in respect of tenancy of outlets, money remittance business and utilities for the headquarter.

**A14 CAPITAL COMMITMENTS**

The capital commitments of the Group as at 30 April 2020 were as follows:

	<b>RM'000</b>
Authorised and contracted for:	
- Purchase of equipment	522

**A15 PROPERTY, PLANT AND EQUIPMENT**

For the six (6) months ended 30 April 2020, the Group acquired assets at the cost of RM20.03 million, which comprised principally of set up costs and purchase of equipment and furniture for new outlets and outlets revamp.

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (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		6 months ended	
	30 Apr 2020 RM'000	30 Apr 2019 RM'000	30 Apr 2020 RM'000	30 Apr 2019 RM'000
<b>Transactions with jointly controlled entity</b>				
Management fees income	83	196	296	390
<b>Transactions with related parties</b>				
Advertising & promotion income	-	143	-	143
Trade purchases	898	152	2,327	404
Hostel rental expense	-	8	3	16
Office rental income	3	-	6	-
Consultancy fee expenses	227	-	310	-
Medical expenses	1	-	24	-
Royalty and license fees expenses	21	-	47	-
Management fees expense	20	-	47	-

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (Cont'd)**

**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 current year quarter ended 30 April 2020, the number of outlets increased to 539 as compared with 456 of the corresponding preceding year's quarter. However, the revenue of RM123.49 million is RM7.18 million or 5.5% lower than the preceding year's corresponding quarter's restated revenue of RM130.68 million, after adjusting for the MFRS 15 impact. The gross profit of RM41.12 million is RM5.36 million or 11.5% lower while the gross profit margin of 33.3% is lower by 1.7%. The performance was adversely affected by the temporary closure of 30% of the outlets at selected locations and decrease in daily sales at outlets that remained open, as a result of the MCO imposed by the Government effective 18 March 2020. About half the time, from 18 March to 30 April, of the current quarter fell within the period of MCO. This first phase of the MCO was a total lockdown where basically no one can leave home.

The higher administration expenses at RM7.15 million, an increase of RM0.93 million as compared with the previous quarter's restated amount at RM6.22 million after adjusting for the effect of MFRS 16, was largely due to the FPC operating costs. While there was a net increase in the number of outlets by 83, selling and distribution expenses had only increased by RM3.25 million from RM19.98 million to RM23.23 million due to costs optimization initiatives particularly during the MCO period.

The Covid-19 pandemic had been the major contributing factor to the total loss of RM3.49 million before taxation. This loss included RM2.80 million incurred by the FPC when production output was adversely affected due to fluctuation in sales. The pandemic which badly affected the travel industry had also caused the loss of RM0.30 million from the jointly controlled entity, WH Smith. Other contributing factor to the loss was bad debts of RM0.44 million written off.

**B2 MATERIAL CHANGE IN THE PROFIT BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED WITH THE IMMEDIATELY PRECEDING QUARTER**

Revenue for the current quarter of RM123.49 million was lower by RM17.09 million or 12.2% relative to the immediately preceding quarter of RM140.58 million. Gross profit decreased by RM8.81 million or 17.6%, with average gross profit margin of 33.3% compared to 35.5% in the preceding quarter.

Loss before taxation was RM3.49 million, RM8.57 million lower than the immediately preceding quarter profit of RM5.09 million. This was primarily due to the MCO imposed by the Government to contain the spread of COVID-19 pandemic.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (Cont'd)**
**B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**
**B3 PROSPECTS**

In view of the uncertainties in the economic landscape due to the pandemic, Mynews is taking a cautious approach in moving forward. Continuous efforts are being placed to increase efficiencies and optimise costs. Mynews is also aligning its business strategies to the “new normal”, repositioning itself to stay competitive and agile in facing the impending economic slowdown and new consumer sentiments following the COVID-19 pandemic.

**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 Quarter 6 months ended	
	30 Apr 2020 RM'000	30 Apr 2019 RM'000	30 Apr 2020 RM'000	30 Apr 2019 RM'000
<b>Profit before tax is arrived at after charging:</b>				
Depreciation of property, plant and equipment	4,896	3,017	9,521	5,501
Depreciation of right-of-use assets	8,115	9,215	16,623	18,155
Property, plant and equipment written off	279	134	383	345
Interest expense	1,198	803	2,448	1,574
Net loss on disposal of property, plant and equipment	26	36	59	86
<b>And after crediting:</b>				
Interest Income	(53)	(56)	(142)	(145)
Dividend income from other investments	(71)	(303)	(201)	(643)

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



## NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (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 6 months ended	
	30 Apr 2020 RM'000	30 Apr 2019 RM'000	30 Apr 2020 RM'000	30 Apr 2019 RM'000
Income tax expense:				
Provision for current period	(10)	1,208	2,040	3,242
Deferred tax:				
Provision for current period	230	893	230	893
Total tax expense	<u>220</u>	<u>2,101</u>	<u>2,270</u>	<u>4,235</u>

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

**B7 STATUS OF CORPORATE PROPOSAL**

There was no corporate proposal during the period under review.

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (Cont'd)**
**B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**
**B8 BORROWINGS AND DEBT SECURITIES**

The Group's borrowings as at 30 April 2020 are as follows:

	Unaudited As at 30 Apr 2020 RM'000	Audited As at 31 Oct 2019 RM'000
<b>Short term borrowings – Secured</b>		
Term loans	262	288
Revolving credit	13,662	10,662
Lease liabilities	21,161	25,575
Finance lease liabilities	1,378	1,345
	36,463	37,870
<b>Long term borrowings – Secured</b>		
Term loans	1,114	1,638
Revolving credit	11,641	13,471
Lease liabilities	40,065	35,926
Finance lease liabilities	4,333	5,028
	57,153	56,063
<b>Total borrowings – Secured</b>		
Term loans	1,376	1,926
Revolving credit	25,303	24,133
Lease liabilities	61,226	61,501
Finance lease liabilities	5,711	6,373
	93,616	93,933

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

**B9 MATERIAL LITIGATION**

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



## NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2020 (Cont'd)

**B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)****B10 DIVIDEND**

There was no dividend declared or paid during the quarter under review.

**B11 EARNINGS PER SHARE**

	Current Quarter 3 months ended		Cumulative Quarters 6 months ended	
	30 Apr 2020 RM'000	30 Apr 2019 RM'000	30 Apr 2020 RM'000	30 Apr 2019 RM'000
(Loss)/Profit attributable to owners of the Company (RM'000)	(2,333)	7,951	2,018	16,189
Number of ordinary shares in issue ('000)	<u>682,154</u>	<u>682,154</u>	<u>682,154</u>	<u>682,154</u>
Basic earnings per share (sen)	<u>(0.34)</u>	<u>1.17</u>	<u>0.30</u>	<u>2.37</u>

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

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