

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 2019. This report should be read in conjunction with its audited financial statements for the financial year ended 31 October 2018 and the accompanying notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019**

i) Current quarter and financial year to date

	Current Quarter				Cumulative Quarters			
	3 months ended				12 months ended			
	31 Oct	31 Oct	Changes		31 Oct	31 Oct	Changes	
	2019	2018	Fav/(Unfav)	%	2019	2018	Fav/(Unfav)	%
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
Revenue	139,811	109,447	30,364	27.7	528,523	393,358	135,165	34.4
Cost of sales	(91,583)	(69,026)	(22,557)	(32.7)	(340,977)	(243,614)	(97,363)	(40.0)
Gross profit	48,228	40,421	7,807	19.3	187,546	149,744	37,802	25.2
Other income	349	521	(172)	(33.0)	1,797	1,251	546	43.6
Operating expenses	(40,921)	(31,288)	(9,633)	(30.8)	(143,131)	(111,595)	(31,536)	(28.3)
Other expenses	(3,516)	(2,989)	(527)	(17.6)	(13,210)	(9,061)	(4,149)	(45.8)
Finance costs	(817)	(52)	(765)	(1,471.2)	(3,188)	(359)	(2,829)	(788.0)
Share of profit in jointly controlled entity	815	708	107	15.1	3,238	2,242	996	44.4
Profit before tax	4,138	7,321	(3,183)	(43.5)	33,052	32,222	830	2.6
Tax	(2,045)	(1,743)	(302)	(17.3)	(8,884)	(6,209)	(2,675)	(43.1)
Profit after tax, representing comprehensive income for the period	2,093	5,578	(3,485)	(62.5)	24,168	26,013	(1,845)	(7.1)
Profit/(loss) attributable to:								
Owners of the Company	3,182	6,063	(2,881)	(47.5)	26,819	26,498	321	1.2
Non-controlling interest	(1,089)	(485)	(604)	(124.5)	(2,651)	(485)	(2,166)	(446.6)
	2,093	5,578	(3,485)	(62.5)	24,168	26,013	(1,845)	(7.1)
Basic earnings per ordinary share (sen) (Note B11)	0.47	0.89	(0.42)	(47.2)	3.93	3.88	0.05	1.3

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (Cont'd)**
ii) Current quarter compared with immediate preceding quarter

	Current Quarter 31 Oct 2019	Immediate Preceding Quarter 31 Jul 2019	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
Revenue	139,811	131,679	8,132	6.2
Cost of sales	(91,583)	(84,855)	(6,728)	(7.9)
Gross profit	48,228	46,824	1,404	3.0
Other income	349	479	(130)	(27.1)
Operating expenses	(40,921)	(35,335)	(5,586)	(15.8)
Other expenses	(3,516)	(3,762)	246	6.5
Finance costs	(817)	(797)	(20)	(2.5)
Share of profit in jointly controlled entity	815	1,063	(248)	(23.3)
Profit before tax	4,138	8,472	(4,334)	(51.2)
Tax	(2,045)	(2,604)	559	21.5
Profit after tax, representing comprehensive income for the period	2,093	5,868	(3,775)	(64.3)
Profit/(loss) attributable to:				
Owners of the Company	3,182	7,448	(4,266)	(57.3)
Non-controlling interest	(1,089)	(1,580)	491	31.1
	2,093	5,868	(3,775)	(64.3)
Basic earnings per ordinary share (sen)	0.47	1.09	(0.62)	(56.9)

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019**

	Notes	Unaudited 31 October 2019 RM'000	Audited 31 October 2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		250,947	155,681
Investment properties*		12,140	-
Right-of-use assets		56,629	-
Investment in jointly controlled entity		9,500	6,262
Other investments		5	5
Fixed deposits with licensed banks		800	800
Total non-current assets		330,021	162,748
Current assets			
Inventories		61,974	44,311
Trade receivables		13,189	16,896
Other receivables		29,607	47,769
Amount due from jointly controlled entity		312	112
Other investments		16,450	45,096
Short-term deposits with licensed banks		612	1,028
Cash and bank balances		15,689	22,590
Total current assets		137,833	177,802
Total assets		467,854	340,550

* Certain properties are transferred to investment properties to reflect the change in use of the said properties.

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2019 (Cont'd)**

Notes	Unaudited 31 October 2019 RM'000	Audited 31 October 2018 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	201,581	201,581
Revaluation reserve	9,512	5,844
Merger deficit	(45,952)	(45,952)
Retained earnings	117,956	99,834
Equity attributable to owners	283,097	261,307
Non-controlling interest	18,914	19,394
Total equity	302,011	280,701
LIABILITIES		
Non-current liabilities		
Bank borrowings	15,113	1,914
Lease liabilities	33,821	-
Finance lease liabilities	4,766	795
Deferred tax liabilities	5,003	3,060
Total non-current liabilities	58,703	5,769
Current liabilities		
Trade payables	33,125	30,507
Other payables	33,491	20,817
Bank borrowings	10,945	2,370
Lease liabilities	25,453	-
Finance lease liabilities	1,605	347
Tax payable	2,521	39
Total current liabilities	107,140	54,080
Total liabilities	165,843	59,849
Total equity and liabilities	467,854	340,550
Net assets per share (RM)	0.44	0.41

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019**

	← Attributable to owners of the parent →							Total Equity RM'000
	Share Capital	Share Premium	Revaluation Reserve	Merger Deficit	Retained Earnings	Total	Non- Controlling Interest	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1 November 2017	201,581	-	8,561	(45,952)	77,441	241,631	-	241,631
Total comprehensive income for the year	-	-	-	-	26,498	26,498	(485)	26,013
Dividend	-	-	-	-	(6,822)	(6,822)	-	(6,822)
Capital contribution from non-controlling interests	-	-	-	-	-	-	19,879	19,879
Transfer to retained earnings for properties disposed	-	-	(2,717)	-	2,717	-	-	-
As at 31 October 2018	201,581	-	5,844	(45,952)	99,834	261,307	19,394	280,701
Adjustments from adoption of MFRS 16	-	-	-	-	(1,875)	(1,875)	-	(1,875)
Restated balance as at 1 November 2018	201,581	-	5,844	(45,952)	97,959	259,432	19,394	278,826
Capital contribution from non-controlling interests	-	-	-	-	-	-	2,171	2,171
Net revaluation of land and building	-	-	3,668	-	-	3,668	-	3,668
Dividend	-	-	-	-	(6,822)	(6,822)	-	(6,822)
Total comprehensive income for the period	-	-	-	-	26,819	26,819	(2,651)	24,168
As at 31 October 2019	201,581	-	9,512	(45,952)	117,956	283,097	18,914	302,011

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019**

	Cumulative Quarters 12 months ended	
	31 Oct 2019 RM'000	31 Oct 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	33,052	32,222
Adjustments for:		
Depreciation of property, plant and equipment	12,111	8,142
Depreciation of right-of-use assets	29,222	-
Bad debts written off	-	9
Provision for bad debts	182	-
Gain on disposal of property, plant and equipment	(249)	(203)
Dividend income from other investments	(220)	(2,156)
Gain on fair value adjustment of investments	(149)	(55)
Interest expense	3,188	359
Inventories written off	583	704
Share of profit in jointly controlled entity	(3,238)	(2,242)
Property, plant and equipment written off	1,165	926
Interest income	(311)	(328)
Operating profit before working capital changes	75,336	37,378
Changes in working capital		
Increase in inventories	(18,244)	(13,289)
Decrease/(Increase) in receivables	21,687	(22,562)
Increase in payables	15,292	14,817
(Increase) / Decrease in amount due from jointly controlled entity	(200)	41
Cash generated from operations	93,871	16,385
Tax refunded	-	48
Tax paid	(5,793)	(6,893)
Net cash generated from operating activities	88,078	9,540
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income from other investments	220	600
Proceeds from disposal of property, plant and equipment	1,037	3,624
Purchase of property, plant and equipment	(116,319)	(87,128)
Repayment from jointly controlled entity	-	1,048
Upliftment of funds in other investments	28,646	95,300
Placement of funds in other investments	-	(32,450)
Capital contribution from non-controlling interests	2,171	19,879
Interest income	311	328
Net cash (used in)/generated from investing activities	(83,934)	1,201

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (Cont'd)**

	Cumulative Quarters	
	12 months ended	
	31 Oct 2019	31 Oct 2018
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank facilities	31,521	-
Dividends paid	(6,822)	(6,822)
Interest paid	(3,188)	(359)
Payment of lease liabilities	(28,452)	-
Repayment of term loans	(3,526)	(2,630)
Repayment of finance lease liabilities	(994)	(346)
Net cash used in financing activities	<u>(11,461)</u>	<u>(10,157)</u>
Net (decrease)/increase in cash and cash equivalents	(7,317)	584
Cash and cash equivalents at 1 November	<u>23,618</u>	<u>23,034</u>
Cash and cash equivalents at 31 October	<u><u>16,301</u></u>	<u><u>23,618</u></u>
Reconciliation of cash and cash equivalents		
Cash and bank balances	15,689	22,590
Deposits with licensed banks	1,412	1,828
	<u>17,101</u>	<u>24,418</u>
Less: Deposits pledged to licensed banks	(800)	(800)
	<u><u>16,301</u></u>	<u><u>23,618</u></u>

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING (“MFRS”)
A1 CORPORATE INFORMATION

The principal activity of Mynews is investment holding while its subsidiaries are principally involved in the business of convenience retailing, predominantly operating a homegrown retail chain in Malaysia. In the third quarter of this financial year, its two new subsidiaries Mynews Kineya Sdn Bhd And Mynews Ryoyupan Sdn Bhd commenced commercial production of ready-to-eat meals and bakery products to serve its retail chain.

A2 BASIS OF PREPARATION

The interim financial report is unaudited and 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 2018.

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 2018, with the exception of MFRS 16. 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 in 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.

Mynews has elected to early adopt MFRS 16 Leases prospectively on 1 November 2018 using the modified retrospective approach. It has not restated the comparative information which continues to be reported under MFRS 117 Leases. The effect of the transition is as follows:

i) As at 31 Oct 2018	Previously Reported	Effect of MFRS 16	Restated
	RM'000	RM'000	RM'000
Non-current Assets			
Right-of-use assets	-	40,997	40,997
Current Liabilities			
Lease liabilities	-	27,000	27,000
Non-current Liabilities			
Lease liabilities	-	15,872	15,872
Equity			
Retained earnings	99,834	(1,875)	97,959

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
A3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

During the period under review, management's estimates were revised to include leases with renewal options and exclude those with early termination options. Consequently, the reporting in the previous quarter is revised as follows:

Statement of Financial Position

	As at July 2019			As at 31 October 2019
	As Reported RM'000	Restated RM'000	Variance RM'000	RM'000
Non-current Assets				
Right-of-use assets	50,746	50,634	(112)	56,629
Current Liabilities				
Lease liability	6,333	22,741	16,408	25,453
Non-current Liabilities				
Lease liabilities	45,721	28,487	(17,234)	33,821
Equity				
Retained earnings	(1,308)	(704)	604	(2,645)

ii) Fourth quarter ended 31 October 2019 – Net effect on comprehensive income

	Current Quarter 31 Oct 2019 RM'000	Immediate Preceding Quarter 31 Jul 2019 RM'000	Cumulative Quarters 31 Oct 2019 RM'000
Right-of-use assets	(298)	665	1,747
Finance cost	(491)	(623)	(2,517)
Profit before tax	(789)	42	(770)
Tax	196	(11)	191
Profit after tax	(593)	31	(579)

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (Cont'd)
B. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
A3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)
ii) Fourth quarter ended 31 October 2019 – Net effect on comprehensive income (Cont'd)

The net cumulative effect on the change in management's estimates is accounted for in the current quarter under review as per schedules below:

Profit and Loss Effect

	Cumulative Quarters July 2019			Current Quarter		Cumulative Quarters
	As Reported	Revised	Variance	Actual	Variance	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Right-of-use assets*	2,045	1,232	(813)	515	(298)	1,747
Finance cost	(2,026)	(1,801)	225	(716)	(491)	(2,517)
Profit before tax	19	(569)	(588)	(201)	(789)	(770)
Tax	(5)	142	147	49	196	191
Profit after tax	14	(427)	(441)	(152)	(593)	(579)
*After accounting for:						
Depreciation of right- of-use assets	26,768	21,508	(5,260)	7,714	2,454	29,222

A4 AUDITORS' REPORT

There was no qualification on the audited financial statements of the Group for the financial year ended 31 October 2018.

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

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

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 FOURTH QUARTER ENDED 31 OCTOBER 2019 (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

During the current quarter, the Company paid an interim dividend of 1 sen per share amounting to RM6.82 million.

A10 SEGMENTAL INFORMATION

The Group operates in the retail convenience segment in Malaysia and during the year it commenced 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 is not reported separately while the manufacturing segment which commenced operation in the third quarter, is reported separately from the retail convenience segment as follows:

	Retail Convenience	Manufacturing	Total
	RM'000	RM'000	RM'000
For the twelve months ended 31 October 2019			
Revenue			
External	528,523	-	528,523
Inter-segment	-	12,724	12,724
Inter-segment elimination	-	(12,724)	(12,274)
Revenue	528,523	-	528,523
Results			
Profit/(loss) from operations	42,387	(7,458)	34,929
Interest income	224	87	311
Dividend income from other investments	220	780	1,000
Finance costs	(3,087)	(101)	(3,188)
Profit/(loss) before tax	39,744	(6,692)	33,052
Tax	(10,184)	1,300	(8,884)
Profit/(loss) after tax	29,560	(5,392)	24,168

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 FOURTH QUARTER ENDED 31 OCTOBER 2019 (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 31 October 2019.

Contingent liabilities of the Group as at 31 October 2019 comprised bank guarantees totalling RM1,442,000 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 31 October 2019 were as follows:

	RM'000
Authorised and contracted for:	
- Purchase of equipment	3,428

A15 PROPERTY, PLANT AND EQUIPMENT

For the twelve (12) months ended 31 October 2019, the Group acquired assets at the cost of RM116.32 million, which comprised of RM58.51 million for the Food Processing Centre (FPC) and the balance of RM57.81 million for new outlets opening and equipment for existing outlets upgrading to cater for the increase in food offerings.

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
A16 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 Oct 2019 RM'000	31 Oct 2018 RM'000	31 Oct 2019 RM'000	31 Oct 2018 RM'000
Transactions with jointly controlled entity				
Management fees income	248	190	836	696
Transactions with parties connected to the Executive Directors				
Purchases of stocks	165	122	737	602
Medical services expense	3	-	15	-
Office rental expense	-	-	-	42
Hostel rental expense	4	2	25	55
Advertising & promotion income	109	-	252	-
Transactions by subsidiaries with their major shareholders				
Purchase of equipment	75	-	12,498	-
Purchase of stocks	657	-	2,129	-
Licence fee expense	2	-	3	-
Technical consultancy fee expense	52	-	200	-
Royalty fee expense	12	-	20	-
Management fees expense	11	-	171	-

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (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 quarter ended 31 October 2019, Mynews recorded a revenue of RM139.81 million, an increase of RM30.36 million or 27.7% compared with RM109.45 million in the preceding year's corresponding quarter. Gross profit (GP) for the current quarter was RM48.23 million which translated to a GP margin of 34.5%, an increase of RM7.81 million or 19.3% compared with the corresponding quarter of the preceding year which was RM40.42 million at GP margin of 36.9%. The higher GP was contributed by revenue growth on higher number of outlets from 436 to 513 and improved sales of the existing stores, contributed mainly by the food and beverages, and tobacco categories. However, the average GP margin was lower consequent to the change in products mix and wastages of the in-house ready-to-eat (RTE) meals and bakery products on their initial roll out.

The operating expenses which comprised principally of establishment, staff and the logistic costs amounted to RM40.92 million, an increase of RM9.63 million or 30.8% compared with RM31.29 million in the preceding year's corresponding quarter. This was in correspondence to the FPC's full quarter expenses, the increase in the number of outlets and marketing initiatives taken to drive the in-house array of food and beverages such as Maru Bakes, ice cream, coffee and RTE meals.

Mynews ended its fourth quarter 2019 with a profit before taxation of RM4.14 million, which is RM3.18 million or 43.5% lower than the RM7.32 million reported for the preceding year's corresponding quarter. The lower profit included the FPC' losses totaling RM3.51 million attributed principally by the new production facilities which is undergoing gestation.

Review of twelve-months period performance

Revenue for the year ended 31 October 2019 was RM528.52 million, increased by RM135.16 million or 34.4%, in comparison with last year's revenue of RM393.36 million. However average GP margin is lower by 2.60 points, from 38.1% to 35.5% due to change in the sales mix, price discounts offered to promote and drive the sales of in-house RTE food and the expected high wastages at the initial roll out of the RTE food. Profit before tax increased by RM0.83 million or 2.6%, from RM32.22 million to RM33.05 million contributed by the higher revenue. The operating expenses increased by RM31.53 million or 28.3%, from RM111.60 million to RM143.13 million, principally due to the increase in business volume from the expanded network of outlets and the new production facilities that have not achieved the economies of scale.

The Group's retail operations profit after tax for the year was RM29.56 million (excluding the Manufacturing operation) as compared to last year of RM27.00 million, an improvement of RM2.56 million or 9.5% which is calculated to a net margin of 5.6%.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (Cont'd)

B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**B2 MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED WITH THE IMMEDIATELY PRECEDING QUARTER**

Revenue of RM139.81 million for the current quarter was higher by RM8.13 million or 6.2% compared with RM131.68 million in the immediately preceding quarter due to contribution from the new RTE food offerings from the FPC which began production in mid-June 2019; while GP increased by a lesser rate of RM1.40 million or 3.0% due to aggressive price discount promotions for the in-house products and other merchandises.

Profit before taxation for the current quarter was RM4.14 million compared with RM8.47 million in the immediately preceding quarter, which is lower by RM4.33 million or 51.2%, as the operating costs of the FPC were taken up for the full quarter while the production increased gradually over the months. In addition, the retail sales embarked on aggressive marketing initiatives to create awareness for the in-house products and to drive sales which also contributed to the increased costs.

B3 PROSPECTS

Whilst Mynews recognizes the facts of reality in the increasing competitive convenience retail landscape and the challenges faced in introducing ready-to-eat food similar to the Japan's *konbinis* to meet the increasing consumer expectations and fast consumption trend, it remains optimistic with increasing faith of its business growth, sustainability and potential that are driven by its continuous network expansion, concept innovation, and infrastructure building and enhancement. Meanwhile, every measure is taken to serve Malaysia populace well and to capture the big market. Within a short period of time both Mynews Kineya Sdn Bhd's and Mynews Royupan Sdn Bhd's manufacturing facilities have successfully obtained Halal certifications. These Halal certifications enable us to serve our Muslim customers well, by providing them with best Halal quality, hygienic and convenient food.

The Board is confident that the relentless effort made by the management and staff to improve and grow the Group will continue to elevate the Group's business and the quality of its products and services. However, in the immediate term Mynews will continue to invest in marketing efforts and time to shape the local consumers' habits and to increase customers' take up rate in the new product category offerings.

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.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B5 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter		Cumulative Quarters	
	3 months ended		12 months ended	
	31 Oct 2019 RM'000	31 Oct 2018 RM'000	31 Oct 2019 RM'000	31 Oct 2018 RM'000
Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	3,390	2,434	12,111	8,142
Depreciation of right-of-use assets	2,454	-	29,222	-
Property, plant and equipment written off	320	559	1,165	892
Rental expense	2,763	10,540	12,934	37,527
Interest expense	817	52	3,188	359
Bad debts written off	-	-	-	9
Provision for bad debts	182	-	182	-
And after crediting:				
Interest Income	(93)	(150)	(311)	(328)
Dividend income from other investments	(150)	(432)	(220)	(2,156)
Net gain on disposal of property, plant and equipment	(376)	(192)	(249)	(203)

B6 TAX

	Current Quarter		Cumulative Quarters	
	3 months ended		12 months ended	
	31 Oct 2019 RM'000	31 Oct 2018 RM'000	31 Oct 2019 RM'000	31 Oct 2018 RM'000
Income tax:				
Current period/year	1,496	1,312	7,557	6,040
Under / (Over)provision in prior period/year	-	431	740	(142)
Deferred tax:				
Current period/year	549	-	549	637
Under/(Over)provision in prior period/year	-	-	38	(326)
Total tax	2,045	1,743	8,884	6,209

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B7 STATUS OF CORPORATE PROPOSAL

There was no corporate proposal during the period under review.

B8 BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 October 2019 are as follows:

	Unaudited As at 31 Oct 2019 RM'000	Audited As at 31 Oct 2018 RM'000
Short term borrowings – Secured		
Term loans	3,945	2,370
Revolving Credit	7,000	-
Lease liabilities	25,453	-
Finance lease liabilities	1,605	347
	<u>38,003</u>	<u>2,717</u>
Long term borrowings – Secured		
Term loans	15,113	1,914
Lease liabilities	33,821	-
Finance lease liabilities	4,766	795
	<u>53,700</u>	<u>2,709</u>
Total borrowings – Secured		
Term loans	19,058	4,284
Revolving credit	7,000	-
Lease liabilities	59,274	-
Finance lease liabilities	6,371	1,142
	<u>91,703</u>	<u>5,426</u>

Note: All the bank borrowings by the Group are denominated in Ringgit Malaysia.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2019 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B9 MATERIAL LITIGATION

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

B10 DIVIDEND

The Board of Directors approved an interim single tier dividend of 1.00 sen per ordinary share amounting to RM6.82 million for the financial year ending 31 October 2019 then on 25 June 2019 which was paid on 15 August 2019.

B11 EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 Oct 2019 RM'000	31 Oct 2018 RM'000	31 Oct 2019 RM'000	31 Oct 2018 RM'000
Profit attributable to owners of the Company (RM'000)	3,182	6,063	26,819	26,498
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>0.47</u>	<u>0.89</u>	<u>3.93</u>	<u>3.88</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.