

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 fourth quarter ended 31 October 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 FOURTH QUARTER ENDED 31 OCTOBER 2020**
i) Current quarter and financial year to date

	Current Quarter 3 months ended				Cumulative Quarters 12 months ended (Audited)			
	31 Oct 2020	31 Oct 2019 ⁽¹⁾	Changes Fav/(Unfav)		31 Oct 2020	31 Oct 2019	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	115,829	129,633	(13,804)	(10.6)	489,992	517,793	(27,801)	(5.4)
Cost of sales	(77,913)	(82,511)	4,598	5.6	(328,554)	(331,905)	3,351	(1.0)
Gross profit	37,916	47,122	(9,206)	(19.5)	161,438	185,888	(24,450)	(13.2)
Other income	214	956	(742)	(77.6)	2,288	2,956	(668)	(22.6)
Administration expenses	(10,141)	(7,019)	(3,122)	(44.5)	(31,231)	(27,318)	(3,913)	(14.3)
Selling and distribution expenses	(19,986)	(25,589)	5,603	21.9	(87,709)	(84,677)	(3,032)	(3.6)
Other expenses	(12,181)	(10,396)	(1,785)	(17.2)	(51,385)	(43,664)	(7,721)	(17.7)
Finance costs	(1,656)	(1,187)	(469)	(39.5)	(5,176)	(3,457)	(1,719)	(49.7)
Share of (loss)/profit in jointly controlled entity	(1,094)	815	(1,909)	(234.2)	(1,367)	3,238	(4,605)	(142.2)
(Loss)/Profit before tax	(6,928)	4,702	(11,630)	(247.3)	(13,142)	32,966	(46,108)	(139.9)
Tax expense	(342)	(2,045)	1,703	83.3	(2,130)	(8,642)	6,512	75.4
Net (Loss)/Profit for the period	(7,270)	2,657	(9,927)	(373.6)	(15,272)	24,324	(39,596)	(162.8)
Other comprehensive income								
Revaluation surplus on land and buildings, net of tax	-	3,548	(3,548)	(100.0)	-	3,548	(3,548)	(100.0)
Total comprehensive income	(7,270)	6,205	(13,475)	(217.2)	(15,272)	27,872	(43,144)	(154.8)
Net (Loss)/Profit attributable to:								
Owners of the Company	(5,145)	4,335	(9,480)	(218.7)	(9,214)	27,564	(36,778)	(133.4)
Non-controlling interest	(2,125)	(1,678)	(447)	26.6	(6,058)	(3,240)	(2,818)	(87.0)
	(7,270)	2,657	(9,927)	(373.6)	(15,272)	24,324	(39,596)	(162.8)
Total comprehensive income attributable to:								
Owners of the Company	(5,145)	7,883	(13,028)	(165.3)	(9,214)	31,112	(40,326)	(129.6)
Non-controlling interest	(2,125)	(1,678)	(447)	26.6	(6,058)	(3,240)	(2,818)	(87.0)
	(7,270)	6,205	(13,475)	(217.2)	(15,272)	27,872	(43,144)	(154.8)
Basic (Loss)/ Earnings per ordinary share (sen)								
(Note B11)	(0.75)	0.64			(1.35)	4.04		

Note (1): Refer to Note A3 for restated amount with the effects of MFRS 16

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2020 (Cont'd)**
ii) Current quarter compared with immediately preceding quarter

	Current Quarter 31 Oct 2020	Immediately Preceding Quarter 31 Jul 2020 (#)	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
Revenue	115,829	110,095	5,734	5.2
Cost of sales	(77,913)	(77,630)	(283)	(0.4)
Gross profit	37,916	32,465	5,451	16.8
Other income	214	1,123	(909)	(80.9)
Administration expenses	(10,141)	(9,098)	(1,043)	(11.5)
Selling and distribution expenses	(19,986)	(19,578)	(408)	(2.1)
Other expenses	(12,181)	(10,921)	(1,260)	(11.5)
Finance costs	(1,656)	(1,072)	(584)	(54.5)
Share of loss in jointly controlled entity	(1,094)	(733)	(361)	(49.2)
Loss before tax	(6,928)	(7,814)	886	11.3
Tax expense	(342)	482	(824)	(171.0)
Loss after tax, representing comprehensive loss for the period	(7,270)	(7,332)	62	0.8
Loss attributable to:				
Owners of the Company	(5,145)	(6,087)	942	15.5
Non-controlling interest	(2,125)	(1,245)	(880)	(70.7)
	(7,270)	(7,332)	62	0.8
Loss per ordinary share (sen)	(0.75)	(0.89)		

(#): Certain comparative figures have been reclassified to conform to the current quarter presentation.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020**

	Unaudited 31 Oct 2020	Audited 31 Oct 2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	210,562	197,461
Right-of-use assets	122,835	107,669
Investment properties	12,110	12,140
Investment in jointly controlled entity	6,783	9,500
Deferred tax assets	837	837
Other investments	-	5
Fixed deposits with licensed banks	163	913
Total non-current assets	353,290	328,525
Current assets		
Inventories	66,936	62,086
Contract assets	15,011	10,603
Trade receivables	5,957	13,176
Other receivables	33,887	33,758
Amount due from jointly controlled entity	275	312
Tax recoverable	3,823	47
Other investments	4,913	18,296
Fixed Deposits with licensed banks	1,307	500
Cash and bank balances	39,070	13,736
Total current assets	171,179	152,514
Total assets	524,469	481,039

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020 (Cont'd)**

	Unaudited 31 Oct 2020 RM'000	Audited 31 Oct 2019 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	201,581	201,581
Revaluation reserve	9,392	9,392
Merger deficit	(45,952)	(45,952)
Retained earnings	109,458	118,672
Equity attributable to owners	274,479	283,693
Non-controlling interests	12,266	18,324
Total equity	286,745	302,017
LIABILITIES		
Non-current liabilities		
Provision for restoration costs	2,060	2,005
Bank borrowings	50,278	15,109
Lease liabilities	52,803	40,954
Deferred tax liabilities	7,094	6,038
Total non-current liabilities	112,235	64,106
Current liabilities		
Trade payables	34,935	33,367
Other payables	40,904	41,800
Contract liabilities	944	522
Bank borrowings	17,277	10,950
Lease liabilities	31,092	26,920
Tax payable	337	1,357
Total current liabilities	125,489	114,916
Total liabilities	237,724	179,022
Total equity and liabilities	524,469	481,039
Net assets per share (RM)	0.42	0.44

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 OCTOBER 2020

	← Non-distributable →			Distributable		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Retained Earnings RM'000	Total RM'000		
As at 1 November 2018	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)
As at 1 November 2018, restated	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
As at 31 October 2019	201,581	9,392	(45,952)	118,672	283,693	18,324	302,017
Total comprehensive loss for the period	-	-	-	(9,214)	(9,214)	(6,058)	(15,272)
As at 31 October 2020	201,581	9,392	(45,952)	109,458	274,479	12,266	286,745

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2020**

	31 Oct 2020	Cumulative 12 months ended (Audited) 31 Oct 2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(13,142)	32,966
Adjustments for:		
Depreciation of property, plant and equipment	19,915	13,390
Depreciation of right-of-use assets	32,121	30,371
Net loss/(gain) on disposal of property, plant and equipment	276	(275)
Dividend income from other investments	(279)	(511)
Fair value gain on other investments	-	(489)
Fair value loss/(gain) on investment properties	30	(149)
Impairment loss on trade receivables	-	182
Interest expense	5,177	3,457
Share of loss/(profit) in jointly controlled entity	1,367	(3,238)
Inventories written off and wastages	8,040	5,471
Property, plant and equipment written off	2,346	1,200
Interest income	(250)	(426)
Bad debts written off	439	-
Gain on early termination of leases	(13)	-
Gain on lease modification of leases	(49)	-
Operating profit before working capital changes	55,978	81,949
Changes in working capital:		
Inventories	(12,890)	(23,246)
Receivables	6,650	11,347
Payables	4,875	(25,985)
Jointly controlled entity	37	(200)
Contract assets	(4,408)	(4,401)
Contract liabilities	423	(1,620)
Cash generated from operations	50,665	89,814
Tax refund	94	337
Tax paid	(5,965)	(7,021)
Net cash generated from operating activities	44,794	83,130

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2020 (Cont'd)**

	31 Oct 2020	Cumulative 12 months ended (Audited) 31 Oct 2019
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income from other investments	279	-
Dividend received from jointly controlled entity	1,350	-
Proceeds from disposal of property, plant and equipment	102	910
Placement of fixed deposits	(52)	(113)
Uplifted of fixed deposits from pledge	801	-
Placement of fund in other investments	-	(6,000)
Proceeds from redemption of other investments	13,388	33,800
Purchase of property, plant and equipment	(40,813)	(104,657)
Interest received	250	426
Capital contribution from non-controlling interests	-	2,170
Net cash used in investing activities	(24,695)	(73,464)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(6,822)
Interest paid	(5,177)	(3,457)
Payment of lease liabilities	(30,278)	(30,544)
Repayment of bank borrowings	(15,153)	(3,525)
Drawdown of bank borrowings	56,650	25,300
Net cash from/(used in) financing activities	6,042	(19,048)
CASH AND CASH EQUIVALENTS		
Net increase/(decrease) in cash and cash equivalents	26,141	(9,382)
Cash and cash equivalents at 1 November	14,236	23,618
Cash and cash equivalents at 31 October	40,377	14,236
Reconciliation of cash and cash equivalents		
Cash and bank balances	39,070	13,736
Fixed Deposits with licensed banks	1,470	1,413
	40,540	15,149
Less: Fixed deposits pledged to licensed banks	(163)	(913)
	40,377	14,236

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 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 store retailing, predominantly operating a homegrown retail chain in Malaysia. Two of its subsidiaries, Mynews Kineya Sdn Bhd and Mynews Ryoyupan Sdn Bhd, hereinafter jointly referred to as Food Processing Centre (FPC) are in the business of producing ready-to-eat meals and bakery products to serve its retail chain. In October 2020, the Company through its wholly-owned subsidiary Mycu Retail Sdn Bhd inked a licensing agreement with BGF Retail Co. Ltd to operate CU CVS stores in Malaysia.

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 16 as follows:

i) MFRS 16 Leases

Mynews elected to early adopt MFRS 16 Leases prospectively on 1 November 2018 using the modified retrospective approach. It did not restate 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 31 October 2019 is as follows:

	Previously Reported 31 Oct 2019 RM’000	Effect of MFRS 16 RM’000	Restated 31 Oct 2019 RM’000
Administration expenses	(10,861)	3,842	(7,019)
Selling and distribution expenses	(30,060)	4,471	(25,589)
Other expenses	(3,516)	(6,880)	(10,396)
Finance costs	(817)	(370)	(1,187)
	<u>(45,254)</u>	<u>1,063</u>	<u>(44,191)</u>

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2020 (Cont'd)**A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)****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 replaced the RMCO (Recovery Movement Control Order) with a more restrictive control CMCO (Conditional MCO) in Klang Valley and some other parts of the country on 14 Oct as a result of the rising number in the positive Covid-19 cases. Throughout the period of various types of movement control since 18 March 2020, outlets were temporarily closed in different numbers by stages, at locations which were significantly affected but they have been progressively re-opened whenever feasible. However, outlets that have been operating experienced an overall decline in daily sales due to the drop in footfall caused by COVID-19 new normal.

The FPC halted production for 6 weeks from 1 May 2020 to 14 June 2020. This action was necessary as sales was erratic and products wastage was high. Raw materials supply was unstable. On a positive note, the temporary halt has helped in reducing cost and optimising efficiency in the long run as the down time was used to realign and improve the operations. Upon re-opening of the FPC, the volume of production was trending upward steadily until CMCO was re-implemented. This period of CMCO has been as impactful negatively as the first round of MCO.

A7 CHANGES IN ESTIMATES

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

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.

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2020 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
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 year ended 31 October 2020				
Revenue				
External	503,744	-	(13,752)	489,992
Inter-segment	-	15,029	(15,029)	-
Revenue	503,744	15,029	(28,781)	489,992
Results				
Depreciation of property, plant and equipment	16,968	2,947	-	19,915
Depreciation of right-of-use assets	31,297	824	-	32,121
Interest income	(229)	(21)	-	(250)
Interest expense	4,955	222	-	5,177
Share of results in jointly controlled entity	1,367	-	-	1,367
Profit/(Loss) before tax	14,789	(12,370)	(15,561)	(13,142)
Tax	(2,137)	7	-	(2,130)
Profit/(Loss) after tax	12,652	(12,363)	(15,561)	(15,272)

A11 SUBSEQUENT MATERIAL EVENTS

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

A12 CHANGES IN COMPOSITION OF THE GROUP

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2020 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Save as disclosed below, there were no material contingent liabilities or assets for the reporting quarter ended 31 October 2020.

	RM'000
Corporate guarantee given to banks and landlord for facilities granted to subsidiaries	<u>73,715</u>

A14 CAPITAL COMMITMENTS

The capital commitments of the Group as at 31 October 2020 were as follows:

	RM'000
Authorised and contracted for:	
- Property, plant and equipment	<u>30,193</u>

A15 PROPERTY, PLANT AND EQUIPMENT

For the twelve (12) months ended 31 October 2020, the Group acquired assets at the cost of RM40.81 million, which comprised principally of set up costs and purchase of equipment and furniture for new outlets and outlets revamp.

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A16 SIGNIFICANT RELATED PARTY TRANSACTIONS

	Current Quarter		Cumulative Quarters	
	3 months ended		12 months ended	
	31 Jul 2020 RM'000	31 Oct 2019 RM'000	31 Oct 2020 RM'000	31 Oct 2019 RM'000
Transactions with jointly controlled entity				
Management fees income	19	248	327	797
Warehouse and storage fee	-	-	-	375
Transactions with related parties				
Advertising & promotion income	19	109	19	252
Trade purchases	307	822	2,933	5,592
Hostel rental expense	-	4	3	25
Office rental income	3	-	12	34
Consultancy fee expenses	78	-	466	-
Medical expenses	12	3	76	12
Royalty and license fees expenses	19	-	70	-
Management fees expense	48	11	119	383
Purchase of equipment	6	75	25	17,120

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 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 quarter ended 31 October 2020, Mynews recorded a revenue of RM115.83 million which is RM13.80 million or 10.6% lower than the preceding year corresponding quarter. For the same quarter to quarter comparison, the number of outlets increased from 513 to 526. Gross profit decreased to RM37.92 million from RM47.12 million while its margin decreased to 32.7% from 36.4%. The performance was adversely affected by the temporary closure of outlets at affected locations and decrease in daily sales at outlets that remained open for reasons explained earlier in paragraph A6 as well as the shift in product sales mix favourable to categories of lower margin such as daily essential items.

During the current quarter, there was an increase in administration expenses by RM3.12 million or 44.5% after the adjustment for MFRS 16, as compared to restated amount in year 2019 from RM10.86 million to RM7.02 million. Selling and distribution expenses decreased by RM5.60 million or 21.9%, as compared to the restated amount in year 2019 from RM30.06 million to RM25.59 million. This was generally due to the temporary closure of the outlets for reasons explained earlier in paragraph A6. As for other expenses, the amount increased by RM1.79 million or 17.2% after the adjustment for MFRS 16, as compared to restated amount in year 2019 from RM3.52 million to RM10.40 million, the increase was due mainly to higher depreciation of right-of-use assets.

In summary, Mynews fourth quarter results were adversely affected by the Covid-19 pandemic with a loss before taxation of RM6.93 million. Other contributing factors were losses incurred by the FPC of RM4.35 million for the quarter and share of losses of RM1.09 million of jointly controlled entity, WH Smith, as travel industry was significantly affected by COVID-19 pandemic.

Review of twelve-months period performance

Revenue for the year ended 31 October 2020 was RM489.99 million, decreased by RM27.80 million or 5.4%, in comparison with last year's revenue of RM517.79 million. The decrease in revenue was mainly due to the disruptions caused by the COVID-19 pandemic for the temporary closure of the outlets and shorter operating hours. The average GP margin was also lower by 3.0%, from 35.9% to 32.9% due to change in the sales mix and price discounts offered to promote and drive the sales.

Administration expenses increased by RM3.91 million or 14.3%, from RM27.32 million to RM31.23 million, principally due to the increase in FPC costs, as FPC operations only commenced in June for financial year 2019. Selling and distribution expenses increased by RM3.03 million or 3.6%, which was in line with the increase in number of outlets from 513 to 526. Other expenses increased by RM7.72 million or 17.7%, from RM43.66 million to RM51.39 million. The higher other expenses mainly arise from increase in depreciation of property, plant and equipment of RM6.53 million. Finance costs increased by RM1.72 million or 49.7%, from RM3.46 million to RM5.18 million, it was due to drawdown of additional banking facilities to fund the expansion for our new outlets. The Group's jointly controlled entity suffered a loss during the financial year, resulted share of loss in jointly controlled entity of RM1.37 million, attributed to the restriction faced in overseas travel activities of Malaysian citizens and inbound tour activities involving foreign tourists entering Malaysia.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2020 (Cont'd)**B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)****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 RM115.83 million was higher by RM5.74 million or 5.2% as compared to the immediately preceding quarter of RM110.10 million. Gross profit increased by RM5.45 million or 16.8%, with average gross profit margin at 32.7% compared to 29.5% in the preceding quarter.

Loss before taxation was RM6.93 million for the current quarter as compared to the immediately preceding quarter loss of RM7.81 million. Mynews results was impacted by MCO imposed by the Government to contain the spread of COVID-19 pandemic from 18 March 2020, immediately followed by RMCO and CMCO.

B3 PROSPECTS

Mynews was on the path of recovery after the implementation of RMCO. Unfortunately, the CMCO has reverted the recovery and placed the performance back to where it was at during the first stage of MCO. As long as the movement control order is in place, business will continue to face operational restrictions and footfall will be affected.

Mynews has enhanced its operational efficiencies and optimised its cost. Efforts have been made to adjust to suit new consumer behaviour and new normal. New products are introduced to cater for shift in buying pattern. The number of online-delivery distribution points has been increased to strengthen the omni-channel sales. Distribution centres and logistics infrastructures and management have been enhanced with noticeable results in efficiencies and cost optimisation. The number of new outlets continues to grow, albeit at a slower pace and very strict criteria.

To offer consumers with more choices that suit their needs and desire for newness, Mynews has added to its stable the brands myNEWS SUPERVALUE and CU CVS from Korea. Since its commencement in October 2020, three myNEWS SUPERVALUE stores have been opened to date. myNEWS SUPERVALUE is a bigger format store created to serve the customers who need more than just the grab-and-go convenience items. This bigger store carries a larger selection of day-to-day essential items to cater for the new norm shopping behaviour at some locations. Meanwhile, myNEWS is preparing to open its first CU CVS store from Korea. CU CVS will offer Malaysians newness in both the Korean products and shopping experience. The licensing agreement to operate CU CVS was inked in October 2020 between myNEWS and BGF Retail Co. Ltd.

Mynews will continue to grow within the retail landscape and we believe that in both good and bad times consumers cannot avoid the need for day-to-day convenience and essential items and services.

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 THIRD QUARTER ENDED 31 JULY 2020 (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 3 months ended		Cumulative Quarter 12 months ended	
	31 Oct 2020 RM'000	31 Oct 2019 RM'000	31 Oct 2020 RM'000	31 Oct 2019 RM'000
(Loss)/profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	5,426	3,390	19,915	13,390
Depreciation of right-of-use assets	6,701	2,454	32,121	30,371
Property, plant and equipment written off	1,715	320	2,346	1,200
Interest expense	1,657	817	5,177	3,457
Net loss/(gain) on disposal of property, plant and equipment	85	(376)	246	(275)
Impairment loss on trade receivables	-	182	-	182
Bad debts written off	-	-	439	-
And after crediting:				
Interest Income	(17)	(93)	(250)	(426)
Dividend income from other investments	(29)	(150)	(279)	(511)

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 THIRD QUARTER ENDED 31 JULY 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 12 months ended	
	31 Oct 2020 RM'000	31 Oct 2019 RM'000	31 Oct 2020 RM'000	31 Oct 2019 RM'000
Current tax:				
Provision for current period	(684)	1,496	785	7,244
Under provision in prior year	289	-	289	711
Deferred tax:				
Provision for current period	54	549	373	637
Under provision in prior year	683	-	683	50
Total tax expense	<u>342</u>	<u>2,045</u>	<u>2,130</u>	<u>8,642</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 FOURTH QUARTER ENDED 31 JULY 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 31 October 2020 are as follows:

	Unaudited As at 31 Oct 2020 RM'000	Audited As at 31 Oct 2019 RM'000
Short term borrowings – Secured		
Term loans	2,194	288
Revolving credit	15,083	10,662
Lease liabilities	31,093	26,920
	<u>48,370</u>	<u>37,870</u>
Long term borrowings – Secured		
Term loans	26,060	1,638
Revolving credit	24,218	13,471
Lease liabilities	52,803	40,954
	<u>103,081</u>	<u>56,063</u>
Total borrowings – Secured		
Term loans	28,254	1,926
Revolving credit	39,301	24,133
Lease liabilities	83,896	67,874
	<u>151,451</u>	<u>93,933</u>

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.

B10 DIVIDEND

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2020 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B11 EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 Oct 2020 RM'000	31 Oct 2019 RM'000	31 Oct 2020 RM'000	31 Oct 2019 RM'000
(Loss)/Profit attributable to owners of the Company (RM'000)	(5,145)	4,335	(9,214)	27,564
Number of ordinary shares in issue ('000)	<u>682,154</u>	<u>682,154</u>	<u>682,154</u>	<u>682,154</u>
Basic (Loss)/ Earnings per share (sen)	<u>(0.75)</u>	<u>0.64</u>	<u>(1.35)</u>	<u>4.04</u>

The basic (loss)/earnings per share is computed based on the (loss)/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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