

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 third quarter ended 31 July 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 THIRD QUARTER ENDED 31 JULY 2020**

i) Current quarter and financial year to date

	Current Quarter 3 months ended				Cumulative Quarters 9 months ended			
	31 Jul 2020 RM'000	31 Jul 2019 ⁽¹⁾ RM'000	Changes Fav/(Unfav) RM'000	%	31 Jul 2020 RM'000	31 Jul 2019 ⁽¹⁾ RM'000	Changes Fav/(Unfav) RM'000	%
Revenue	110,095	131,679	(21,584)	(16.4)	374,163	388,160	(13,997)	(3.6)
Cost of sales	(77,630)	(84,855)	7,225	8.5	(250,641)	(249,394)	(1,247)	(0.5)
Gross profit	32,465	46,824	(14,359)	(30.7)	123,522	138,766	(15,244)	(11.0)
Other income	1,123	479	644	134.4	2,074	2,000	74	3.7
Administration expenses	(6,522)	(7,368)	846	11.5	(21,090)	(20,476)	(614)	(3.0)
Selling and distribution expenses	(19,578)	(27,967)	8,389	30.0	(67,723)	(81,734)	14,011	17.1
Other expenses	(13,497)	(3,762)	(9,735)	(258.8)	(39,204)	(9,694)	(29,510)	(304.4)
Finance costs	(1,072)	(797)	(275)	(34.5)	(3,520)	(2,371)	(1,149)	(48.5)
Share of (loss)/profit in jointly controlled entity	(733)	1,063	(1,796)	(169.0)	(273)	2,423	(2,696)	(111.3)
(Loss)/Profit before tax	(7,814)	8,472	(16,286)	(192.2)	(6,214)	28,914	(35,128)	(121.5)
Tax expense	482	(2,604)	3,086	118.5	(1,788)	(6,839)	5,051	73.8
(Loss)/Profit after tax, representing comprehensive (loss)/ income for the period	(7,332)	5,868	(13,200)	(224.9)	(8,002)	22,075	(30,077)	(136.2)
(Loss)/Profit attributable to:								
Owners of the Company	(6,087)	7,448	(13,535)	(181.7)	(4,069)	23,637	(27,706)	(117.2)
Non-controlling interest	(1,245)	(1,580)	335	21.2	(3,933)	(1,562)	(2,371)	(151.8)
	(7,332)	5,868	(13,200)	(224.9)	(8,002)	22,075	(30,077)	(136.2)
Basic (Loss)/ Earnings per ordinary share (sen) (Note B11)	(0.89)	1.09	(1.98)	(181.6)	(0.60)	3.46	(4.06)	(117.3)

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 THIRD QUARTER ENDED 31 JULY 2020 (Cont'd)**

ii) Current quarter compared with immediately preceding quarter

	Current Quarter 31 Jul 2020	Immediately Preceding Quarter 30 Apr 2020	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
Revenue	110,095	123,491	(13,396)	(10.8)
Cost of sales	(77,630)	(82,369)	4,739	5.8
Gross profit	32,465	41,122	(8,657)	(21.1)
Other income	1,123	347	776	223.6
Administration expenses	(6,522)	(7,147)	625	8.7
Selling and distribution expenses	(19,578)	(23,230)	3,652	15.7
Other expenses	(13,497)	(13,082)	(415)	(3.2)
Finance costs	(1,072)	(1,198)	126	10.5
Share of loss in jointly controlled entity	(733)	(298)	(435)	(146.0)
Loss before tax	(7,814)	(3,486)	(4,328)	(124.2)
Tax expense	482	(220)	702	319.1
Loss after tax, representing comprehensive loss for the period	(7,332)	(3,706)	(3,626)	(97.8)
Loss attributable to:				
Owners of the Company	(6,087)	(2,333)	(3,754)	(160.9)
Non-controlling interest	(1,245)	(1,373)	128	9.3
	(7,332)	(3,706)	(3,626)	(97.8)
Loss per ordinary share (sen)	(0.89)	(0.34)	(0.55)	(161.8)

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

	Unaudited 31 Jul 2020	Audited 31 Oct 2019
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	205,397	197,461
Right-of-use assets	113,273	107,669
Investment properties	12,140	12,140
Investment in jointly controlled entity	7,877	9,500
Deferred tax assets	837	837
Other investments	5	5
Fixed deposits with licensed banks	913	913
Total non-current assets	340,442	328,525
Current assets		
Inventories	68,350	62,086
Contract assets	14,586	10,603
Trade receivables	7,344	13,176
Other receivables	30,391	33,758
Amount due from jointly controlled entity	158	312
Tax recoverable	1,485	47
Other investments	7,614	18,296
Deposits with licensed banks	608	500
Cash and bank balances	16,593	13,736
Total current assets	147,129	152,514
Total assets	487,571	481,039

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

	Unaudited 31 Jul 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	114,603	118,672
Equity attributable to owners	279,624	283,693
Non-controlling interests	14,391	18,324
Total equity	294,015	302,017
LIABILITIES		
Non-current liabilities		
Provision for restoration costs	1,905	2,005
Bank borrowings	19,165	15,109
Lease liabilities	52,810	40,954
Deferred tax liabilities	6,357	6,038
Total non-current liabilities	80,237	64,106
Current liabilities		
Trade payables	38,533	33,367
Other payables	40,481	41,800
Contract liabilities	799	522
Bank borrowings	11,859	10,950
Provision for restoration costs	325	-
Lease liabilities	21,280	26,920
Tax payable	42	1,357
Total current liabilities	113,319	114,916
Total liabilities	193,556	179,022
Total equity and liabilities	487,571	481,039
Net assets per share (RM)	0.43	0.44

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

	← Attributable to owners of the parent →						Total Equity RM'000
	Share Capital	Revaluation Reserve	Merger Deficit	Retained Earnings	Total	Non- Controlling Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	(4,069)	(4,069)	(3,933)	(8,002)
As at 31 July 2020	201,581	9,392	(45,952)	114,603	279,624	14,391	294,015

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 JULY 2020**

	Cumulative 9 months ended	
	31 Jul 2020 RM'000	31 Jul 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(6,214)	28,914
Adjustments for:		
Depreciation of property, plant and equipment	14,489	8,721
Depreciation of right-of-use assets	25,420	26,768
Net loss on disposal of property, plant and equipment	161	128
Dividend income from other investments	(250)	(850)
Interest expense	3,520	2,371
Share of loss/(profit) in jointly controlled entity	273	(2,423)
Property, plant and equipment written off	631	845
Wastages and stock loss	7,132	-
Bad debts written off	439	-
Interest income	(267)	(218)
Operating profit before working capital changes	45,334	64,256
Changes in working capital		
Inventories	(13,397)	(16,569)
Receivables	8,759	29,786
Payables	3,848	(10,681)
Jointly controlled entity	154	474
Contract assets	(3,983)	-
Contract liabilities	277	-
Cash generated from operations	40,992	67,266
Tax refund	53	-
Tax paid	(4,275)	(4,649)
Net cash generated from operating activities	36,770	62,617
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income from other investments	250	850
Dividend received from jointly controlled entity	1,350	-
Proceeds from disposal of property, plant and equipment	96	14
Purchase of property, plant and equipment	(23,313)	(79,218)
Upliftment of funds in other investments	10,681	24,774
Interest income	267	218
Net cash used in investing activities	(10,669)	(53,362)

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

	Cumulative 9 months ended	
	31 Jul 2020	31 Jul 2019
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contribution from non-controlling interest	-	2,171
Drawdown of bank facilities	15,650	17,975
Interest paid	(3,520)	(2,371)
Payment of lease liabilities	(24,582)	(27,361)
Repayment of term loans and revolving credit facilities	(10,684)	(2,623)
Net cash used in financing activities	<u>(23,136)</u>	<u>(12,209)</u>
Net increase/(decrease) in cash and cash equivalents	2,965	(2,954)
Cash and cash equivalents at 1 November	<u>14,236</u>	<u>23,618</u>
Cash and cash equivalents at 31 July	<u><u>17,201</u></u>	<u><u>20,664</u></u>
Reconciliation of cash and cash equivalents		
Cash and bank balances	16,593	20,165
Deposits with licensed banks	1,521	1,299
	<u>18,114</u>	<u>21,464</u>
Less: Deposits pledged to licensed banks	(913)	(800)
	<u>17,201</u>	<u>20,664</u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 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.

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 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 31 July 2019 is as follows:

	Previously Reported 31 Jul 2019 RM’000	Reclassification RM’000	Restated 31 Jul 2019 RM’000	31 Jul 2020 RM’000	Changes Fav/(Unfav)	
					RM’000	%
Revenue	131,679	(1,576)	130,103	110,095	(20,008)	(15.4)
Cost of sales	(84,855)	1,576	(83,279)	(77,630)	5,649	6.8

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER 31 JULY 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 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 July 2019 is as follows:

	Previously Reported 31 Jul 2019 RM'000	Effect of MFRS 16 RM'000	Restated 31 Jul 2019 RM'000	31 Jul 2020 RM'000	Changes Fav/(Unfav) RM'000 %	
Administration expenses	(7,368)	60	(7,308)	(6,522)	786	10.8
Selling and distribution expenses	(27,967)	7,808	(20,159)	(19,578)	581	2.9
Other expenses	(3,762)	(8,053)	(11,815)	(13,497)	(1,682)	(14.2)
Finance costs	(797)	(66)	(863)	(1,072)	(209)	(24.2)
	<u>(39,894)</u>	<u>(251)</u>	<u>(40,145)</u>	<u>(40,669)</u>	<u>(524)</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. The MCO or lockdown was conditionally relaxed under RMCO from 4 May 2020 until 31 Aug 2020, which has been further extended until 31 December 2020. Outlets were temporarily closed at locations which were significantly affected by the MCO but have been progressively re-opened. However, outlets that were 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 the uncertain and fluid market environment caused erratic and huge fluctuation in day-to-day sales which made the production planning difficult and products wastages high. Raw materials supply was inconsistent and usually short. 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.

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)
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.

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 31 July 2020				
Revenue				
External	379,009	-	(4,846)	374,163
Inter-segment	-	11,729	(11,729)	-
Revenue	379,009	11,729	(16,575)	374,163
Results				
Depreciation of property, plant and equipment	12,735	1,754	-	14,489
Depreciation of right-of-use assets	24,948	472	-	25,420
Interest income	(248)	(19)	-	(267)
Interest expense	3,357	163	-	3,520
Share of results in jointly controlled entity	273	-	-	273
Loss before tax	(1,868)	(8,021)	3,675	(6,214)
Tax	(1,783)	(5)	-	(1,788)
Loss after tax	(3,651)	(8,026)	3,675	(8,002)

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)
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.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent assets as at 31 July 2020.

The contingent liabilities of the Group as at 31 July 2020 comprised bank guarantees totalling RM1.48 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 31 July 2020 were as follows:

	RM'000
Authorised and contracted for:	
- Purchase of equipment	6,009
	<u>6,009</u>

A15 PROPERTY, PLANT AND EQUIPMENT

For the nine (9) months ended 31 July 2020, the Group acquired assets at the cost of RM23.31 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 THIRD QUARTER ENDED 31 JULY 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 3 months ended		Cumulative Quarters 9 months ended	
	31 Jul 2020	31 Jul 2019	31 Jul 2020	31 Jul 2019
	RM'000	RM'000	RM'000	RM'000
Transactions with jointly controlled entity				
Management fees income	12	198	308	588
Transactions with related parties				
Advertising & promotion income	-	-	-	143
Trade purchases	300	1,640	2,627	2,044
Hostel rental expense	-	5	3	21
Office rental income	3	-	9	-
Consultancy fee expenses	78	148	388	148
Medical expenses	40	12	64	12
Royalty and license fees expenses	5	9	52	9
Management fees expense	24	160	71	160
Purchase of equipment	19	12,423	19	12,423

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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****B1 REVIEW OF PERFORMANCE****Review of Current Quarter Performance**

For the quarter ended 31 July 2020, Mynews recorded a revenue of RM110.10 million which is RM20.00 million or 15.4% lower than the preceding year corresponding quarter's restated revenue of RM130.10 million, after adjusting for MFRS 15 impact. For the same quarter to quarter comparison, the number of outlets increased from 472 to 531. Gross profit decreased to RM32.47 million from RM46.82 million while its margin decreased to 29.5% from 36.0%. 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, coupled with change in product sales mix as consumers shift to low-margin offerings.

During the current quarter, there was a decrease in administration expenses by RM0.79 million or 10.8% after the adjustment for MFRS 16 restated the amount from RM7.31 million to RM6.52 million, while selling and distribution expenses decreased by RM0.58 million or 2.9% for the same reason when the amount was restated from RM20.16 million to RM19.58 million. This was generally due to the temporary closure of the outlets for reasons explained earlier in paragraph A6.

In summary, Mynews third quarter results were adversely affected by the Covid-19 pandemic with a loss before taxation of RM7.81 million. Other contributing factors were losses incurred by the FPC of RM2.50 million for the quarter, bad debts of RM0.44 million written off and share of losses of RM0.7 million of jointly controlled entity, WH Smith, as travel industry was significantly affected by COVID-19 pandemic.

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 RM110.10 million was lower by RM13.40 million or 10.8% relative to the immediately preceding quarter of RM123.49 million. Gross profit decreased by RM8.66 million or 21.1%, with average gross profit margin at 29.5% compared to 33.3% in the preceding quarter.

Loss before taxation was RM7.81 million, RM4.33 million more than the immediately preceding quarter loss of RM3.49 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 which was recently extended till 31 December 2020.

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)
B3 PROSPECTS

Mynews is on the path of recovery and regaining its lost ground. However, in view of the extended RMCO until 31 Dec 2020, the business will continue to face operational restrictions and footfall return will be gradual. Mynews will continue to enhance its operational efficiencies and cost optimisation to ensure business adaptability and continuity. Mynews is adjusting to suit the new consumers' behaviour and new normal. New products are introduced to cater for shift in buying pattern. Maru bakery and ready-to-eat meals produced by the FPC are continually improved and customised to suit local palates. Most importantly, the growth in store network continues as Mynews believes that in good and bad times, consumers need the day-to-day essential items that the Mynews stores provide. We will continue to grow to enhance the convenience and reach closer to the communities.

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 9 months ended	
	31 Jul 2020 RM'000	31 Jul 2019 RM'000	31 Jul 2020 RM'000	31 Jul 2019 RM'000
Loss before tax is arrived at after charging:				
Depreciation of property, plant and equipment	4,968	3,220	14,489	8,721
Depreciation of right-of-use assets	8,797	8,613	25,420	26,768
Property, plant and equipment written off	248	500	631	845
Interest expense	1,072	797	3,520	2,371
Net loss on disposal of property, plant and equipment	102	42	161	128
And after crediting:				
Interest Income	(125)	(73)	(267)	(218)
Dividend income from other investments	(49)	(207)	(250)	(850)

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 9 months ended	
	31 Jul 2020 RM'000	31 Jul 2019 RM'000	31 Jul 2020 RM'000	31 Jul 2019 RM'000
Income tax expense:				
Provision for current period	(571)	1,826	1,469	6,061
Under provision in prior year		740		740
Deferred tax:				
Provision for current period	89	-	319	-
Under provision for current period		38		38
Total tax expense	<u>(482)</u>	<u>2,604</u>	<u>1,788</u>	<u>6,839</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 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)
B8 BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 July 2020 are as follows:

	Unaudited As at 31 Jul 2020 RM'000	Audited As at 31 Oct 2019 RM'000
Short term borrowings – Secured		
Term loans	266	288
Revolving credit	11,593	10,662
Lease liabilities	19,885	25,575
Finance lease liabilities	1,395	1,345
	33,139	37,870
Long term borrowings – Secured		
Term loans	1,043	1,638
Revolving credit	18,122	13,471
Lease liabilities	48,830	35,926
Finance lease liabilities	3,980	5,028
	71,975	56,063
Total borrowings – Secured		
Term loans	1,309	1,926
Revolving credit	29,715	24,133
Lease liabilities	68,715	61,501
Finance lease liabilities	5,375	6,373
	105,114	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 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)
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 9 months ended	
	31 Jul 2020 RM'000	31 Jul 2019 RM'000	31 Jul 2020 RM'000	31 Jul 2019 RM'000
(Loss)/Profit attributable to owners of the Company (RM'000)	(6,087)	7,448	(4,069)	23,637
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>(0.89)</u>	<u>1.09</u>	<u>(0.60)</u>	<u>3.46</u>

The basic loss / 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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