



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 2018. This report should be read in conjunction with its audited financial statements for the financial year ended 31 October 2017 and the accompanying notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018**

i) Current quarter and financial year to date

	Current Quarter 3 months ended				Cumulative Quarters 12 months ended			
	31 Oct 2018 RM'000	31 Oct 2017 RM'000	Changes Fav/(Unfav) RM'000	%	31 Oct 2018 RM'000	31 Oct 2017 RM'000	Changes Fav/(Unfav) RM'000	%
Revenue	109,341	90,399	18,942	21.0	391,528	327,598	63,930	19.5
Cost of sales	(69,312)	(57,734)	(11,578)	(20.1)	(243,900)	(206,948)	(36,952)	(17.9)
Gross profit	40,029	32,665	7,364	22.5	147,628	120,650	26,978	22.4
Other income	1,065	(792)	1,857	234.5	3,520	1,285	2,235	173.9
Operating expenses	(31,440)	(23,585)	(7,855)	(33.3)	(111,745)	(85,773)	(25,972)	(30.3)
Other expenses	(2,990)	(1,797)	(1,193)	(66.4)	(9,064)	(6,987)	(2,077)	(29.7)
Finance costs	(51)	(86)	35	40.7	(359)	(420)	61	14.5
Share of profit in jointly controlled entity	708	651	57	8.8	2,242	1,941	301	15.5
Profit before tax	7,321	7,056	265	3.8	32,222	30,696	1,526	5.0
Tax expense	(1,737)	(1,770)	33	1.9	(6,203)	(6,675)	472	7.1
Profit after tax, representing comprehensive income for the period	5,584	5,286	298	5.6	26,019	24,021	1,998	8.3
Profit attributable to:								
Owners of the Company	6,069	5,286	783	14.8	26,504	24,021	2,483	10.3
Non-controlling interest	(485)	-	(485)	100.0	(485)	-	(485)	100.0
	5,584	5,286	298	5.6	26,019	24,021	1,998	8.3
Basic earnings per ordinary share (sen) (Note B12)	0.89	1.70	(0.81)	(47.6)	3.89	7.73	(3.84)	(49.7)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (Cont'd)**

ii) Current quarter compared with immediate preceding quarter

	Current Quarter 31 Oct 2018	Immediate Preceding Quarter 31 Jul 2018	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
Revenue	109,341	97,882	11,459	11.7
Cost of sales	(69,312)	(60,555)	(8,757)	(14.5)
Gross profit	40,029	37,327	2,702	7.2
Other income	1,065	709	356	50.2
Operating expenses	(31,440)	(27,940)	(3,500)	(12.5)
Other expenses	(2,990)	(2,287)	(703)	(30.7)
Finance costs	(51)	(99)	48	48.5
Share of profit in jointly controlled entity	708	611	97	15.9
Profit before tax	7,321	8,321	(1,000)	(12.0)
Tax expense	(1,737)	(1,056)	(681)	(64.5)
Profit after tax, representing comprehensive income for the period	5,584	7,265	(1,681)	(23.1)
Profit attributable to:				
Owners of the Company	6,069	7,265	(1,196)	(16.5)
Non-controlling interest	(485)	-	(485)	100.0
	5,584	7,265	(1,681)	(23.1)
Basic earnings per ordinary share (sen)	0.89	1.06	(0.17)	(16.0)



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2018**

	Notes	Unaudited 31 October 2018 RM'000	Audited 31 October 2017 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		154,353	80,595
Investment in jointly controlled entity		6,700	4,620
Other investments	2	5	5
Fixed deposits with licensed banks		800	800
Total non-current assets		161,858	86,020
Current assets			
Inventories	1	44,163	31,726
Trade receivables		10,705	10,652
Other receivables		49,117	31,460
Amount due from jointly controlled entity		112	1,201
Other investments	2	43,300	105,735
Deposits with licensed banks		1,028	1,028
Cash and bank balances		23,198	22,006
Total current assets		171,623	203,808
Total assets		333,481	289,828

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2018 (Cont'd)

Notes	Unaudited 31 October 2018 RM'000	Audited 31 October 2017 RM'000	
EQUITY AND LIABILITIES			
Equity			
Share capital	201,581	201,581	
Revaluation reserve	5,844	8,561	
Merger deficit	(45,952)	(45,952)	
Retained earnings	99,840	77,441	
Equity attributable to owners	261,313	241,631	
Non-controlling interest	15,685	-	
Total equity	276,998	241,631	
LIABILITIES			
Non-current liabilities			
Bank borrowings	1,920	5,500	
Finance lease liabilities	795	751	
Deferred tax liabilities	2,712	2,749	
Total non-current liabilities	5,427	9,000	
Current liabilities			
Trade payables	33,392	23,022	
Other payables	14,581	13,424	
Amount due to related parties	(8)	61	
Bank borrowings	2,364	1,414	
Finance lease liabilities	346	290	
Tax payable	381	986	
Total current liabilities	51,056	39,197	
Total liabilities	56,483	48,197	
Total equity and liabilities	333,481	289,828	
Net assets per share (RM)	3	0.41	0.78

Notes:

- 1 Included in inventories are foreign currencies equivalent to RM135,000 held for the money changing business.
- 2 Other investments comprised placement in money market instrument funds (RM43,300,000) and Real Estate Investment Trust (RM5,000).
- 3 Computed based on weighted average number of shares as reported in Note B12. The number of shares was increased following the issuance of:
 - (a) 31,077,000 new ordinary shares pursuant to a private placement on 25 October 2017; and
 - (b) 341,077,000 new ordinary shares pursuant to a bonus issue on 20 December 2017.
 Please refer to Notes (1) and (2) on page 5 for more details on the new shares issuance.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018**

	← Attributable to owner of the parent →							
	Share Capital	Share Premium	Revaluation Reserve	Merger Deficit	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 November 2016	62,014	67,320	8,561	(45,952)	60,482	152,425	-	152,425
Transfer pursuant to S618(2) of CA 2016 ⁽¹⁾	67,320	(67,320)	-	-	-	-	-	-
Issuance of new shares ⁽²⁾	72,247	-	-	-	-	72,247	-	72,247
Share issuance expenses ⁽³⁾	-	-	-	-	(861)	(861)	-	(861)
Dividends	-	-	-	-	(6,201)	(6,201)	-	(6,201)
Total comprehensive income for the year	-	-	-	-	24,021	24,021	-	24,021
As at 31 October 2017	201,581	-	8,561	(45,952)	77,441	241,631	-	241,631
Total comprehensive income for the year	-	-	-	-	26,504	26,504	(485)	26,019
Realised revaluation reserve due to disposal of properties	-	-	(2,717)	-	2,717	-	-	-
Issuance of subsidiary companies shares ⁽⁴⁾	-	-	-	-	-	-	16,170	16,170
Dividends	-	-	-	-	(6,822)	(6,822)	-	(6,822)
As at 31 October 2018	201,581	-	5,844	(45,952)	99,840	261,313	15,685	276,998

Notes:

- (1) Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016") which came into effect on 31 January 2017, any outstanding share premium and capital redemption reserve accounts shall become part of the share capital account. Under the transitional provision in Section 618 (3) of the CA 2016, the Company utilised the credit of RM67,320,000 that was transferred from the share premium account to the share capital account for the issuance of bonus shares on the basis of one (1) bonus share for each existing Mynews share held on the entitlement date 20 December 2017, at RM0.20 per bonus share being the par value of the Mynews shares immediately before the effective date of the CA 2016.
- (2) On 25 October 2017, the Company issued 31,007,000 new ordinary shares, being 10% of its then existing paid-up number of shares via a private placement at an issue price of RM2.33 per share.
- (3) The share issuance expenses for the private placement as in Note (2) above which amounted to RM861,000 were written off against retained earnings in accordance to MFRS 101 Presentation of Financial Statements.
- (4) This represents the 49% non-controlling interest in Mynews Kineya Sdn Bhd and Mynews Ryoyupan Sdn Bhd which paid-up share capital was RM25.00 million and RM8.00 million respectively as at 31 October 2018.



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018**

	Cumulative Quarters 12 months ended	
	31 Oct 2018	31 Oct 2017
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	32,222	30,696
Adjustments for:		
Depreciation of property, plant and equipment	8,158	6,000
Bad debts written off	9	-
Net loss on disposal of property, plant and equipment	3	57
Dividend income from other investments	(2,211)	(838)
Fair value gain on other investments	-	(1,070)
Share of profit in jointly controlled entity	(2,242)	(1,941)
Property, plant and equipment written off	892	925
Interest expense	359	420
Interest income	(352)	(215)
Operating profit before working capital changes	36,838	34,034
Changes in working capital		
Increase in inventories	(12,436)	(1,944)
Increase in receivables	(17,719)	(16,697)
Increase/(Decrease) in payables	11,526	(3,972)
Decrease in amount due from jointly controlled entity	1,251	29
(Decrease)/Increase in amount due to related parties	(69)	15
Cash generated from operations	19,391	11,465
Tax refund	-	189
Tax paid	(6,845)	(5,770)
Net cash generated from operating activities	12,546	5,884
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income from other investments	2,211	838
Proceeds from disposal of property, plant and equipment	3,456	155
Purchase of property, plant and equipment	(86,268)	(21,736)
Upliftment of funds in other investments	88,435	87,020
Placement of funds in other investments	(26,000)	(128,355)
Placement of fixed deposits	-	(70)
Advances to jointly controlled entity	-	(12)
Interest income	352	215
Net cash used in investing activities	(17,814)	(61,945)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (Cont'd)**

	Cumulative Quarters 12 months ended	
	31 Oct 2018	31 Oct 2017
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(6,822)	(6,201)
Interest paid	(359)	(420)
Repayment of term loans	(2,630)	(1,355)
Proceeds from issuance of ordinary shares	-	72,247
Payment of share issuance expenses	-	(861)
Proceeds from issue of subsidiary companies shares to non-controlling interest	16,170	-
Drawdown/(Repayment) of finance lease liabilities	101	(282)
Repayment to a Director	-	(36)
Net cash generated from financing activities	<u>6,460</u>	<u>63,092</u>
Net increase in cash and cash equivalents	1,192	7,031
Cash and cash equivalents at 1 November	<u>23,034</u>	<u>16,003</u>
Cash and cash equivalents at 31 October	<u><u>24,226</u></u>	<u><u>23,034</u></u>
Reconciliation of cash and cash equivalents		
Cash and bank balances	23,198	22,006
Deposits with licensed banks	1,828	1,828
	<u>25,026</u>	<u>23,834</u>
Less: Deposits pledged to licensed banks	(800)	(800)
	<u><u>24,226</u></u>	<u><u>23,034</u></u>

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018

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

A1 CORPORATE INFORMATION

The principal activity of the Company is investment holding while its subsidiaries are principally involved in the business of press and convenience retailing, predominantly operating a homegrown retail chain in Malaysia under the trade name of “myNEWS.com”.

A2 BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Appendix 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 2017.

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 2017. In the previous years, the financial statements of the Group and the Company were prepared in accordance with Malaysian Financial Reporting Standard (“MFRSs”).

At the date of issuance of this quarterly report, the MFRSs, and amendments to MFRSs that had been issued but yet to be effective are listed below:

MFRSs, Amendments to MFRSs and IC Interpretation effective 1 January 2018:

MFRS 9	Financial Instruments IFRS 9 Issued by International Accounting Standards Board (“IASB”) in July 2014
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2*	Share-based Payment: Clarification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4*	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 7	Financial Instruments – Disclosures: Mandatory effective date of MFRS 9 and transitional disclosures
Amendments to MFRS 140*	Transfer of Investment Property
IC Interpretation 22*	Foreign Currency Transaction and Advance Consideration

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (Cont'd)

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

A3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

MFRSs, Amendments to MFRSs and IC Interpretation effective 1 January 2018: (Cont'd)

Annual Improvements to MFRSs 2014-2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interests in Other Entities)*

MFRSs, Amendments to MFRSs and IC Interpretation effective 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9*	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23*	Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

MFRS effective 1 January 2021:

MFRS 17*	Insurance Contract
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Amendments to MFRSs - Effective date deferred indefinitely:

MFRS 10 and MFRS 128	Consolidated Financial Statements and Investment in Associates and Joint Venture: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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* Not applicable to the Group.

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

A4 AUDITORS' REPORT

There was no qualification on the audited financial statements of the Group for the financial year ended 31 October 2017.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (Cont'd)

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

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.

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 interim dividend of 1 sen per share amounting to RM6.82 million.

A10 SEGMENTAL INFORMATION

The Group operates principally in the press and retail convenience segment in Malaysia. It has a licensing arrangement in Myanmar and recently embarked on the production of ready-to-eat ("RTE") food to cater solely for sale at its outlets. The contribution from Myanmar is insignificant and the RTE food production has yet to be significant. Hence, the Group does not present its results by geographical or industry segment.

A11 SUBSEQUENT MATERIAL EVENTS

There was no material subsequent event except for the on-going construction of the food processing centre in Kota Damansara which is about 40% completed as at the date of this report. Barring unforeseen circumstances, the food processing centre is still expected to be completed by the end of the first quarter 2019.



NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (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 changes 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 2018.

The contingent liabilities of the Group as at 31 October 2018 comprised bank guarantees totalling RM754,000 issued as security deposits in respect of tenancy of outlets of the jointly controlled entity and subsidiary companies and security deposit for the money remittance business.

A14 CAPITAL COMMITMENTS

The capital commitments of the Group as at 31 October 2018 were as follows:

	RM'000
Authorised and contracted for:	
- Construction of food processing centre and purchase of equipment	41,464
- Investment in joint venture company	6,120
	<u>47,584</u>

A15 PROPERTY, PLANT AND EQUIPMENT

For the twelve (12) months ended 31 October 2018, the Group acquired assets at the cost of RM80.67 million, which comprised RM51.70 million for the new premises at Kota Damansara; with the balance of RM28.97 million for renovations, furniture and fittings, equipment and computers that were principally for the setting up of new outlets and the Johor Bahru Distribution Centre.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (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 2018	31 Oct 2017	31 Oct 2018	31 Oct 2017
	RM'000	RM'000	RM'000	RM'000
Transactions with jointly controlled entity				
Management fees income	(190)	(143)	(696)	(421)
Transactions with related parties				
Purchases of stocks	179	119	659	411
Office rental expense	6	18	42	54
Hostel rental expense	11	17	70	70
Advertising and promotion income	-	(58)	(115)	(58)

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

Mynews continues to report higher revenue. For the quarter ended 31 October 2018 it achieved a revenue of RM109.34 million which is RM18.94 million or 21.0% better than the preceding year's corresponding quarter of RM90.40 million. The gross profit margin is also higher at RM40.03 million or 36.6% for the current quarter, an increase of RM7.36 million or 22.5% compared with the margin of RM32.67 million or 36.1% in the same quarter of the preceding year. The improved revenue was principally contributed by the increase in the number of outlets, continuous efforts to improve the product offerings and aggressive marketing promotions.

In tandem with the increased number of outlets and business volume, operating expenses increased by RM7.86 million or 33.3%, to RM31.44 million compared with RM23.59 million in the preceding year's corresponding quarter. Included in the operating expenses is a RM0.77 million incurred for the temporary Ready-to-Eat ("RTE") food production facility and its food development and research initiatives. The number of outlets increased from 356 a year ago to 436 as at 31 October 2018.



NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (Cont'd)

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

B1 REVIEW OF PERFORMANCE (Cont'd)

Review of current quarter performance (Cont'd)

For the fourth quarter ended 31 October 2018, Mynews reports a profit before taxation of RM7.32 million, marginally better than the preceding year's corresponding quarter of RM7.06 million consequence of the numerous initiatives that are being undertaken in preparation for its transition to the next phase of exciting growth.

Review of twelve-months period performance

For the year ended 31 October 2018, Mynews reports a revenue of RM391.53 million, an increase of RM63.93 million or 19.5% over 2017 of RM327.60 million. Its gross profit margin of 37.7% was better than the previous year's margin of 36.8% and a profit before tax of RM32.22 million was a 5.0% or RM1.53 million improvement as compared to 2017 of RM30.69 million.

Operating expenses were at RM111.74 million, an increase of RM25.97 million or 30.3% compared to 2017 of RM85.77 million. The increase comprised principally the higher outlet costs due to more outlets and increased business volume, head office operating costs comprising staff costs and expenditure in preparation for the upcoming new range of products offering as well as the launching of new in-house brand "Maru Kafe" and the expenses incurred for the temporary Ready-to-Eat ("RTE") food production facility and its food development and research initiatives.

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

Revenue for the current quarter of RM109.34 million was higher by RM11.46 million or 11.7% relative to the immediate preceding quarter of RM97.88 million. Gross profit increased by RM2.70 million or 7.2%, with average gross profit margin of 36.6% compared to 38.1%. The average gross profit margin ratio was lower as a result of the discounted price sales and promotions carried out aggressively in the process of launching the new line of products.

Despite the higher gross profit recorded for the current quarter, profit before taxation was RM7.32 million which was RM1.00 million or 12.0% lower than the immediate preceding quarter of RM8.32 million. This was mainly due to the higher operating costs attributed principally by the increased number of outlets from 404 to 436, the RTE food processing centre and the assets written off.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (Cont'd)

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

B3 PROSPECTS

Mynews is optimistic of its growth and the sustainability of its business underpinned by the vast potentials that could be reaped from its RTE food processing centre which is expected to be completed by the first half of 2019. As a prelude, Mynews has launched its Maru Kafe brand concept and at the same time is introducing more food offerings. It is also enhancing its operational infra-structure to support its growth and transformation programs.

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		Cumulative Quarters	
	3 months ended		12 months ended	
	31 Oct 2018 RM'000	31 Oct 2017 RM'000	31 Oct 2018 RM'000	31 Oct 2017 RM'000
Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	2,450	1,695	8,158	6,000
Property, plant and equipment written off	525	77	892	925
Interest expense	52	86	359	420
Bad debts written off	-	-	9	-
Unrealised foreign exchange loss	-	22	-	56
Net loss on disposal of property, plant and equipment	14	5	3	57
And after crediting:				
Interest Income	(174)	(98)	(352)	(215)
Dividend income from other investments	(487)	(396)	(2,211)	(838)

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 FOURTH QUARTER ENDED 31 OCTOBER 2018 (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 2018	31 Oct 2017	31 Oct 2018	31 Oct 2017
	RM'000	RM'000	RM'000	RM'000
Income tax expense:				
Provision for current period	1,312	1,467	6,406	6,201
(Over)/Under provision in prior year	425	491	(166)	312
Deferred tax :				
Provision/(overprovision) for current period	-	(188)	(37)	162
Total tax expense	1,737	1,770	6,203	6,675

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

B7 STATUS OF CORPORATE PROPOSAL

There was no corporate proposal during the period under review.

B8 UTILISATION OF PROCEEDS

The status of utilisation of the proceeds from the corporate exercises as at 31 October 2018 was as follows:

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

	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated Timeframe for Utilisation
a)	Capital expenditure	50,000	57,581	(7,581)	-	Within 36 months (until 28 March 2019)
b)	Working capital	32,230	24,712	7,518	-	
c)	Listing expenses	6,450	6,387	63	-	
	Total	88,680	88,680	-	-	

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (Cont'd)

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

B8 UTILISATION OF PROCEEDS (Cont'd)

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

	Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Balance RM'000	Estimated Timeframe for Utilisation
a)	Acquisition of property	50,000	50,000	-	-	
b)	Investment in food preparation and packaging facilities*	19,116	19,085	(31)	-	
c)	Private placement and other proposal expenses	3,130	3,161	31	-	
	Total	72,246	72,246	-	-	

* The proceeds are for the capital injection into the 51% owned subsidiary companies, namely, Mynews Kineya Sdn Bhd and Mynews Ryoyupan Sdn Bhd. The share capital of the companies was increased to RM25.00 million and RM8.00 million respectively in the month of June 2018. Mynews' contribution of RM16.83 million comprised RM12.75 million for Mynews Kineya Sdn Bhd and RM4.08 million for Mynews Ryoyupan Sdn Bhd.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (Cont'd)

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

B9 BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 October 2018 are as follows:

	Unaudited As at 31 Oct 2018 RM'000	Audited As at 31 Oct 2017 RM'000
Short term borrowings – Secured		
Term loans	2,364	1,414
Finance lease liabilities	346	290
	2,710	1,704
Long term borrowings – Secured		
Term loans	1,920	5,500
Finance lease liabilities	795	751
	2,715	6,251
Total borrowings – Secured		
Term loans	4,284	6,914
Finance lease liabilities	1,141	1,041
	5,425	7,955

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

B10 MATERIAL LITIGATION

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

B11 DIVIDEND

The Board of Directors had on 20 June 2018 approved an interim single tier dividend of 1.00 sen per ordinary share amounting to RM6.82 million for the financial year ended 31 October 2018 which was paid on 15 August 2018.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2018 (Cont'd)

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

B12 EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 Oct 2018	31 Oct 2017	31 Oct 2018	31 Oct 2017
Profit attributable to owners of the Company (RM'000)	6,069	5,286	26,504	24,021
Weighted average number of ordinary shares in issue ('000)	<u>682,154</u>	<u>310,665</u>	<u>682,154</u>	<u>310,665</u>
Basic earnings per share (sen)	<u>0.89</u>	<u>1.70</u>	<u>3.89</u>	<u>7.73</u>

The basic earnings per share is computed based on the profit attributable to the owners of the Company divided by the weighted average number of ordinary shares 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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