

The Board of Directors of Mynews Holdings Berhad wishes to present the unaudited interim financial report of Mynews Holdings Berhad and its subsidiaries ("Mynews" or "the Group") for the first quarter ended 31 January 2022. This report should be read in conjunction with its audited financial statements for the financial year ended 31 October 2021 and the accompanying notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JANUARY 2022**
**i) Current quarter and financial year to date**

	Current Quarter 3 months ended				Cumulative Quarters 3 months ended			
	31 Jan 2022 RM'000	31 Jan 2021 RM'000	Changes Fav/(Unfav) RM'000	%	31 Jan 2022 RM'000	31 Jan 2021 RM'000	Changes Fav/(Unfav) RM'000	%
<b>Revenue</b>	139,437	98,651	40,786	41.3	139,437	98,651	40,786	41.3
Cost of sales	(96,198)	(67,201)	(28,997)	(43.1)	(96,198)	(67,201)	(28,997)	(43.1)
<b>Gross profit</b>	43,239	31,450	11,789	37.5	43,239	31,450	11,789	37.5
Other income	358	332	26	7.8	358	332	26	7.8
Administration expenses	(8,374)	(7,120)	(1,254)	(17.6)	(8,374)	(7,120)	(1,254)	(17.6)
Selling and distribution expenses	(27,154)	(19,842)	(7,312)	(36.9)	(27,154)	(19,842)	(7,312)	(36.9)
Other expenses	(15,275)	(13,648)	(1,627)	(11.9)	(15,275)	(13,648)	(1,627)	(11.9)
Finance costs	(1,638)	(1,649)	11	0.7	(1,638)	(1,649)	11	0.7
Share of profit in jointly controlled entity	72	350	(278)	(79.4)	72	350	(278)	(79.4)
<b>Loss before tax</b>	(8,772)	(10,127)	1,355	13.4	(8,772)	(10,127)	1,355	13.4
Tax expense	(66)	(458)	392	85.6	(66)	(458)	392	85.6
<b>Net Loss for the period</b>	<b>(8,838)</b>	<b>(10,585)</b>	<b>1,747</b>	<b>16.5</b>	<b>(8,838)</b>	<b>(10,585)</b>	<b>1,747</b>	<b>16.5</b>
<b>Net loss attributable to:</b>								
Owners of the Company	(7,859)	(8,940)	1,081	12.1	(7,859)	(8,940)	1,081	12.1
Non-controlling interest	(979)	(1,645)	666	40.5	(979)	(1,645)	666	40.5
	<b>(8,838)</b>	<b>(10,585)</b>	<b>1,747</b>	<b>16.5</b>	<b>(8,838)</b>	<b>(10,585)</b>	<b>1,747</b>	<b>16.5</b>
<b>Total comprehensive loss attributable to:</b>								
Owners of the Company	(7,859)	(8,940)	1,081	12.1	(7,859)	(8,940)	1,081	12.1
Non-controlling interest	(979)	(1,645)	666	40.5	(979)	(1,645)	666	40.5
	<b>(8,838)</b>	<b>(10,585)</b>	<b>1,747</b>	<b>16.5</b>	<b>(8,838)</b>	<b>(10,585)</b>	<b>1,747</b>	<b>16.5</b>
<b>Basic Loss per ordinary share (sen) (Note B11)</b>	<b>(1.15)</b>	<b>(1.31)</b>			<b>(1.15)</b>	<b>(1.31)</b>		

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 JANUARY 2022 (Cont'd)**
**ii) Current quarter compared with immediately preceding quarter**

	Current Quarter 31 Jan 2022	Immediately Preceding Quarter 31 Oct 2021 (#)	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>	139,437	97,866	41,571	42.5
Cost of sales	(96,198)	(70,009)	(26,189)	(37.4)
<b>Gross profit</b>	43,239	27,857	15,382	55.2
Other income	358	1,930	(1,572)	(81.5)
Administration expenses	(8,374)	(6,208)	(2,166)	(34.9)
Selling and distribution expenses	(27,154)	(22,850)	(4,304)	(18.8)
Other expenses	(15,275)	(14,791)	(484)	(3.3)
Finance costs	(1,638)	(1,546)	(92)	(6.0)
Share of profit in jointly controlled entity	72	55	17	30.9
<b>Loss before tax</b>	(8,772)	(15,553)	6,781	43.6
Tax (expense)/income	(66)	4,749	(4,815)	(101.4)
<b>Loss after tax for the period</b>	(8,838)	(10,804)	1,966	18.2
<b>Other comprehensive income:</b>				
Revaluation surplus on land and buildings, net of tax	-	8,558	(8,558)	(100.0)
<b>Total comprehensive loss</b>	(8,838)	(2,246)	(6,592)	(293.5)
<b>Loss attributable to:</b>				
Owners of the Company	(7,859)	(9,032)	1,173	13.0
Non-controlling interest	(979)	(1,772)	793	44.8
	(8,838)	(10,804)	1,966	18.2
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(7,859)	(474)	(7,385)	(1,558.0)
Non-controlling interest	(979)	(1,772)	793	44.8
	(8,838)	(2,246)	(6,592)	(293.5)
<b>Loss per ordinary share (sen)</b>	(1.15)	(1.32)		

(#): Certain comparative figures have been reclassified/adjusted to conform to the FY2021 audited results.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JANUARY 2022**

	<b>Unaudited 31 Jan 2022</b>	<b>Audited 31 Oct 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	212,046	206,834
Right-of-use assets	158,160	140,458
Intangible asset	3,810	3,914
Investment properties	12,110	12,110
Investment in jointly controlled entity	6,111	6,039
Deferred tax assets	837	837
Fixed deposits with licensed banks	165	165
<b>Total non-current assets</b>	<b>393,239</b>	<b>370,357</b>
<b>Current assets</b>		
Inventories	66,308	58,778
Contract assets	12,132	12,990
Trade receivables	2,006	1,393
Other receivables	31,260	35,916
Amount due from jointly controlled entity	75	38
Tax recoverable	6,180	5,645
Other investments	1	176
Fixed Deposits with licensed banks	738	737
Cash and bank balances	13,066	15,336
<b>Total current assets</b>	<b>131,766</b>	<b>131,009</b>
<b>Total assets</b>	<b>525,005</b>	<b>501,366</b>

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JANUARY 2022 (Cont'd)**

	<b>Unaudited 31 Jan 2022 RM'000</b>	<b>Audited 31 Oct 2021 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	201,581	201,581
Revaluation reserve	17,950	17,950
Merger deficit	(45,952)	(45,952)
Retained earnings	57,762	65,621
<b>Equity attributable to owners</b>	<b>231,341</b>	<b>239,200</b>
Non-controlling interests	5,750	6,729
<b>Total equity</b>	<b>237,091</b>	<b>245,929</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for restoration costs	8,460	7,560
Bank borrowings	45,232	45,565
Lease liabilities	71,652	58,648
Deferred tax liabilities	5,117	5,117
<b>Total non-current liabilities</b>	<b>130,461</b>	<b>116,890</b>
<b>Current liabilities</b>		
Trade payables	37,584	31,617
Other payables	49,713	49,477
Provision for restoration costs	1,147	1,538
Contract liabilities	1,577	1,525
Bank borrowings	35,373	25,420
Lease liabilities	32,059	28,970
<b>Total current liabilities</b>	<b>157,453</b>	<b>138,547</b>
<b>Total liabilities</b>	<b>287,914</b>	<b>255,437</b>
<b>Total equity and liabilities</b>	<b>525,005</b>	<b>501,366</b>
<b>Net assets per share (RM)</b>	<b>0.35</b>	<b>0.36</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 JANUARY 2022**

	← 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		
<b>As at 1 November 2020</b>	201,581	9,392	(45,952)	108,830	273,851	12,266	286,117
Net loss for the year	-	-	-	(43,209)	(43,209)	(6,762)	(49,971)
Other comprehensive income for the year	-	8,558	-	-	8,558	-	8,558
Total comprehensive income/(loss) for the year	-	8,558	-	(43,209)	(34,651)	(6,762)	(41,413)
Capital contribution from non-controlling interests	-	-	-	-	-	1,225	1,225
<b>As at 31 October 2021</b>	201,581	17,950	(45,952)	65,621	239,200	6,729	245,929
Net loss for the period / Total comprehensive loss for the period	-	-	-	(7,859)	(7,859)	(979)	(8,838)
<b>As at 31 January 2022</b>	201,581	17,950	(45,952)	57,762	231,341	5,750	237,091

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 JANUARY 2022**

	Cumulative 3 months ended	
	31 Jan 2022 RM'000	31 Jan 2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(8,772)	(10,127)
Adjustments for:		
Amortisation of intangible asset	104	-
Depreciation of property, plant and equipment	6,837	5,826
Depreciation of right-of-use assets	8,313	8,577
Dividend income from other investments	(1)	(20)
Gain on modification of leases	(136)	(4)
Interest expense	1,638	1,649
Interest income	(45)	(41)
Inventories written off	1,275	672
Inventories wastages	4,416	1,028
Net loss on disposal of property, plant and equipment	145	26
Property, plant and equipment written off	639	123
Rental rebates	(527)	(685)
Share of profit in jointly controlled entity	(72)	(350)
<b>Operating profit before working capital changes</b>	13,814	6,674
Changes in working capital:		
Inventories	(13,221)	11,962
Receivables	4,043	368
Payables	6,203	(15,494)
Jointly controlled entity	(37)	119
Contract assets	858	(706)
Contract liabilities	52	464
Cash generated from operations	11,712	3,387
Tax refund	-	3
Tax paid	(601)	(768)
<b>Net cash generated from operating activities</b>	11,111	2,622

THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 JANUARY 2022 (Cont'd)**

	Cumulative 3 months ended	
	31 Jan 2022	31 Jan 2021
	RM'000	RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend income from other investments	1	20
Interest received	45	41
Proceeds from disposal of property, plant and equipment	23	9
Proceeds from disposal of other investments	175	1,977
Purchase of property, plant and equipment	(12,856)	(12,104)
Placement of fixed deposits	(1)	(3)
<b>Net cash used in investing activities</b>	(12,613)	(10,060)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,638)	(1,649)
Payment of lease liabilities	(8,750)	(7,695)
Repayment of bank borrowings	(6,281)	(11,477)
Drawdown of bank borrowings	15,901	-
<b>Net cash used in from financing activities</b>	(768)	(20,821)
<b>CASH AND CASH EQUIVALENTS</b>		
<b>Net decrease in cash and cash equivalents</b>	(2,270)	(28,259)
<b>Cash and cash equivalents at 1 November</b>	15,336	39,641
<b>Cash and cash equivalents at 31 January</b>	13,066	11,382
<b>Reconciliation of cash and cash equivalents</b>		
Cash and bank balances	13,066	10,812
Fixed Deposits with licensed banks	903	1,474
	13,969	12,286
Less: Fixed deposits pledged to licensed banks	(165)	(164)
Less: Fixed deposits with maturity more than 3 months	(738)	(740)
	13,066	11,382

**THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2022****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 operating retail store chains, predominantly convenience store (CVS) chains. The chain stores that the Company is operating are myNEWS CVS, myNEWS SUPERVALUE, WHSmith Travel Retail and Korean CU CVS. Besides retailing, two of the Company’s subsidiaries, namely, 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 chains.

**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 2021.

**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 2021. The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

**A4 AUDITORS’ REPORT**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 October 2021.

**A5 SEASONAL OR CYCLICAL FACTORS**

The Group does not experience any material seasonality in sales other than the negative effects brought about by Covid-19 pandemic and the government imposed movement control orders and restrictions to control the pandemic.

**THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2022 (Cont'd)****A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)****A6 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW**

In October 2021, Selangor and Kuala Lumpur, where about 80% of our outlets were located, moved to Phase 3 of the National Recovery Plan (NRP). Under this phase, apart from allowing inter-district movement, sports tournaments and competitions were also allowed subject to SOPs. Non-contact sports and light exercises were allowed. Important for Mynews, work capacity of private sector were allowed to operate at full capacity thereby allowing construction of new outlets to take place. However, dine-in at food premises and restaurants were only allowed to operate from 6am to 10pm, still limiting Mynews outlets business hours at many locations.

In the current quarter, there were no other 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**

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

**THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2022 (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 is also producing ready-to-eat food and bakery products to serve its retail chains.

	Retail RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
<b>For the period ended 31 January 2022</b>				
<b>Revenue</b>				
External	145,715	-	(6,278)	139,437
Inter-segment	-	9,620	(9,620)	-
Revenue	145,715	9,620	(15,898)	139,437
<b>Results</b>				
Amortisation of intangible asset	104	-	-	104
Depreciation of property, plant and equipment	6,370	467	-	6,837
Depreciation of right-of-use assets	7,983	1,090	(760)	8,313
Interest income	(39)	(6)	-	(45)
Interest expense	1,697	546	(605)	1,638
Loss on disposal of property, plant and equipment	145	-	-	145
Property, plant and equipment written off	639	-	-	639
Share of results in jointly controlled entity	(72)	-	-	(72)
Loss before tax	(6,404)	(1,997)	(371)	(8,772)
Tax	(66)	-	-	(66)
Loss after tax	(6,470)	(1,997)	(371)	(8,838)

**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 FIRST QUARTER ENDED 31 JANUARY 2022 (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**

Save as disclosed below, there were no material contingent liabilities or assets for the reporting quarter ended 31 January 2022.

**RM'000**

Corporate guarantee given to financial institutions in respect of banking and lease facilities and for rental of premises granted to subsidiaries

84,190

**A14 CAPITAL COMMITMENTS**

The capital commitments of the Group as at 31 January 2022 were as follows:

**RM'000**

Authorised and contracted for:

- Property, plant and equipment

15,167

**A15 PROPERTY, PLANT AND EQUIPMENT**

For the three (3) months ended 31 January 2022, the Group acquired assets at the cost of RM12.86 million, which comprised principally of set up costs and purchase of equipment and furniture for new outlets and outlets revamp.

**THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2022 (Cont'd)**
**A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)**
**A16 SIGNIFICANT RELATED PARTY TRANSACTIONS**

	Current Quarter		Cumulative Quarters	
	3 months ended		3 months ended	
	31 Jan 2022 RM'000	31 Jan 2021 RM'000	31 Jan 2022 RM'000	31 Jan 2021 RM'000
<b>Transactions with jointly controlled entity</b>				
Management fees income	37	14	37	14
Warehouse and storage fee	108	108	108	108
Administration fee	4	7	4	7
<b>Transactions with related parties</b>				
Advertising & promotion income	59	164	59	164
Trade purchases	1,255	613	1,255	613
Office rental income	3	3	3	3
Medical expenses	-	5	-	5
Royalty and license fees expenses	27	15	27	15
Technical support expenses	67	71	67	71
Staff secondment	61	60	61	60
Purchase of property, plant and equipment	-	6	-	6
Interest expense	2	-	2	-

**THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK**

## NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2022 (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 January 2022, Mynews recorded a revenue of RM139.44 million which was RM40.79 million or 41.3% higher than the preceding year's corresponding quarter, while the number of outlets increased from 524 to 538. Gross profit increased to RM43.24 million from RM31.45 million while its margin decreased slightly to 31.0% from 31.9%. The improved revenue was principally contributed by the increase in the number of outlets and footfall upon relaxation of the full lockdown by government in October 2021 as explained earlier in paragraph A6.

Comparing the same quarters, there was an increase in administration expenses from RM7.12 million to RM8.37 million, which was an increase of RM1.25 million or 17.6%. This was attributed to the addition of new talents and spending on marketing materials to promote the new CU brand which had its first outlet newly open in April 2021. Selling and distribution expenses increased from RM19.84 million to RM27.15 million, which was an increase of RM7.31 million or 36.9%. This was mainly due to the increase in number of CU outlets and longer operating hours brought about by the lifting of full lockdown. Meanwhile, other expenses increased by RM1.63 million or 11.9% from RM13.65 million to RM15.28 million. The increase was mainly due to the increase in depreciation of property, plant and equipment from RM4.88 million to RM6.40 million.

In summary, at a loss before taxation of RM8.77 million, Mynews first quarter 2022 performance has improved over the corresponding quarter of year 2021. The increase in retail sales positively benefited the FPC's performance, which resulted in a reduction of the loss from RM3.36 million to RM2.00 million. The jointly controlled entity, WH Smith, brought in a share of profit of RM0.07 million in the current quarter as compared to RM0.35 million in the preceding year quarter. The profit in jointly controlled entity was mainly helped by the cumulative rental rebates received.

The improved quarterly performance translated to the earnings before interest, tax, depreciation and amortisation (EBITDA) of RM8.12 million as compared to RM5.93 million in the preceding year corresponding quarter.

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

With the relaxation of movement control under the Phase 3 of NRP, revenue for the current quarter of RM139.44 million improved by RM41.57 million or 42.5% as compared to that of the immediately preceding quarter of RM97.87 million. Gross profit increased by RM15.38 million or 55.2% while the average gross profit margin increased to 31.0% from 28.5%. This increase in margin is mainly attributed to the change in product mix favouring the higher margin products.

## NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2022 (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/(LOSS) BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED WITH THE IMMEDIATELY PRECEDING QUARTER (Cont'd)**

During the current quarter, there was a decrease in other income by RM1.57 million or 81.5%, as compared to the immediately preceding quarter of RM1.93 million, mainly due to the removal of wages subsidy under the government's Prihatin Wage Subsidy Programme. Administration expenses increased by RM2.17 million or 34.9%, as compared to RM6.21 million. This increase was mainly attributed to the addition of new talents, spending on marketing materials and maintenance costs. As for selling and distribution expenses, the amount increased by RM4.30 million or 18.8%, from RM22.85 million to RM27.15 million. This increase was mainly attributed to the increase in the number of CU outlets in the current quarter. Other expenses increased by RM0.48 million or 3.3%, from RM14.79 million to RM15.28 million. The increase was mainly due to the increase in the depreciation of property, plant and equipment.

Loss before taxation for the current quarter was reduced by RM6.78 million or 43.6% to RM8.77 million as compared to the immediately preceding quarter of RM15.55 million. The increase in retail revenue and gross profit margin was offset by the additional costs incurred in establishing and promoting the CU business as forty(40) new CU stores were launched in several states during the quarter, while the business was still undergoing the period of gestation. The FPC's performance has improved too, with the loss reduced to RM2.00 million from RM3.47 million in the immediately preceding quarter.

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved significantly to RM8.12 million in current quarter from a loss (LBITDA) of RM0.21 million in the immediately preceding quarter.

**B3 PROSPECTS**

The performance of the Group has been improving since the lifting of the full lockdown in October 2021. In addition to the improvement in revenue and profit, the Group managed to increase the number of CU stores from twenty-one(21) as at 31 October 2021 to sixty-one(61) as at 31 January 2022. During the current quarter, two(2) myNEWS SUPERVALUE stores were added bringing the store count to nine(9). The utilisation rate of the FPC has also been increasing in tandem with the improving retail sales.

The Group will continue to:

1. Increase the number of CU stores steadily;
2. Increase the number of myNEWS SUPERVALUE and myNEWS CVS stores; and
3. Expand online order delivery on demand by working closely with strong partners.

Malaysia will enter the "Endemic" phase of Covid-19 on 1 April 2022 with all restrictions on business operating hours removed. The Group is hopeful for a continuing business improvement barring any disruptions from any unforeseen circumstances. We look forward to regain our lost business and continue to improve thereafter.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2022 (Cont'd)**
**B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**
**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 3 months ended	
	31 Jan 2022 RM'000	31 Jan 2021 RM'000	31 Jan 2022 RM'000	31 Jan 2021 RM'000
<b>Loss before tax is arrived at after charging:</b>				
Amortisation of intangible asset	104	-	104	-
Depreciation of property, plant and equipment	6,837	5,826	6,837	5,826
Depreciation of right-of-use assets	8,313	8,577	8,313	8,577
Property, plant and equipment written off	639	123	639	123
Interest expense	1,639	1,649	1,639	1,649
Net loss on disposal of property, plant and equipment	145	26	145	26
<b>And after crediting:</b>				
Interest Income	(45)	(41)	(45)	(41)
Dividend income from other investments	(1)	(20)	(1)	(20)

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

**B6 TAX EXPENSE**

	Current Quarter 3 months ended		Cumulative Quarters 3 months ended	
	31 Jan 2022 RM'000	31 Jan 2021 RM'000	31 Jan 2022 RM'000	31 Jan 2021 RM'000
<b>Current tax:</b>				
Provision for current period	66	463	66	463
<b>Deferred tax:</b>				
Provision for current period	-	(5)	-	(5)
Total tax expense	<u>66</u>	<u>458</u>	<u>66</u>	<u>458</u>

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

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2022 (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 January 2022 are as follows:

	<b>Unaudited As at 31 Jan 2022 RM'000</b>	<b>Audited As at 31 Oct 2021 RM'000</b>
<b>Short term borrowings – Secured</b>		
Term loans	2,159	2,157
Revolving credit	19,136	13,455
Supplier financing	9,012	9,808
Banker acceptance	5,066	-
	35,373	25,420
<b>Long term borrowings – Secured</b>		
Term loans	24,180	24,799
Revolving credit	21,052	20,766
	45,232	45,565
<b>Total borrowings – Secured</b>		
Term loans	26,339	26,956
Revolving credit	40,188	34,221
Supplier financing	9,012	9,808
Banker acceptance	5,066	-
	80,605	70,985

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 FIRST QUARTER ENDED 31 JANUARY 2022 (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		Cumulative Quarters	
	3 months ended		3 months ended	
	31 Jan	31 Jan	31 Jan	31 Jan
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the Company (RM'000)	(7,859)	(8,940)	(7,859)	(8,940)
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 per share (sen)	<u>(1.15)</u>	<u>(1.31)</u>	<u>(1.15)</u>	<u>(1.31)</u>

The basic loss per share is computed based on the loss 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.

**THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK**