

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 third quarter ended 31 July 2021. This report should be read in conjunction with its audited financial statements for the financial year ended 31 October 2020 and the accompanying notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 31 JULY 2021**
**i) Current quarter and financial year to date**

	Current Quarter 3 months ended				Cumulative Quarters 9 months ended			
	31 July 2021 RM'000	31 July 2020 RM'000	Changes Fav/(Unfav) RM'000	%	31 July 2021 RM'000	31 July 2020 RM'000	Changes Fav/(Unfav) RM'000	%
<b>Revenue</b>	93,887	110,095	(16,208)	(14.7)	296,503	374,163	(77,660)	(20.8)
Cost of sales	(65,773)	(77,630)	11,857	15.3	(203,904)	(250,641)	46,737	18.6
<b>Gross profit</b>	28,114	32,465	(4,351)	(13.4)	92,599	123,522	(30,923)	(25.0)
Other income	1,988	1,123	865	77.0	2,521	2,074	447	21.6
Administration expenses	(7,947)	(6,522)	(1,425)	(21.8)	(22,898)	(21,090)	(1,808)	(8.6)
Selling and distribution expenses	(21,900)	(19,578)	(2,322)	(11.9)	(62,503)	(67,723)	5,220	7.7
Other expenses	(14,375)	(13,497)	(878)	(6.5)	(41,971)	(39,204)	(2,767)	(7.1)
Finance costs	(1,634)	(1,072)	(562)	(52.4)	(4,830)	(3,520)	(1,310)	(37.2)
Share of loss in jointly controlled entity	(545)	(733)	188	25.6	(799)	(273)	(526)	(192.7)
<b>Loss before tax</b>	(16,299)	(7,814)	(8,485)	(108.6)	(37,881)	(6,214)	(31,667)	(509.6)
Tax expense	(413)	482	(895)	(185.7)	(1,286)	(1,788)	502	28.1
<b>Net Loss for the period</b>	<u>(16,712)</u>	<u>(7,332)</u>	<u>(9,380)</u>	<u>(127.9)</u>	<u>(39,167)</u>	<u>(8,002)</u>	<u>(31,165)</u>	<u>(389.5)</u>
<b>Net loss attributable to:</b>								
Owners of the Company	(14,917)	(6,087)	(8,830)	(145.1)	(34,177)	(4,069)	(30,108)	(739.9)
Non-controlling interest	(1,795)	(1,245)	(550)	(44.2)	(4,990)	(3,933)	(1,057)	(26.9)
	<u>(16,712)</u>	<u>(7,332)</u>	<u>(9,380)</u>	<u>(127.9)</u>	<u>(39,167)</u>	<u>(8,002)</u>	<u>(31,165)</u>	<u>(389.5)</u>
<b>Total comprehensive loss attributable to:</b>								
Owners of the Company	(14,917)	(6,087)	(8,830)	(145.1)	(34,177)	(4,069)	(30,108)	(739.9)
Non-controlling interest	(1,795)	(1,245)	(550)	(44.2)	(4,990)	(3,933)	(1,057)	(26.9)
	<u>(16,712)</u>	<u>(7,332)</u>	<u>(9,380)</u>	<u>(127.9)</u>	<u>(39,167)</u>	<u>(8,002)</u>	<u>(31,165)</u>	<u>(389.5)</u>
<b>Basic Loss per ordinary share (sen) (Note B11)</b>	<u>(2.19)</u>	<u>(0.89)</u>			<u>(5.01)</u>	<u>(0.60)</u>		

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 31 JULY 2021 (Cont'd)**
**ii) Current quarter compared with immediately preceding quarter**

	<b>Current Quarter 31 July 2021</b>	<b>Immediately Preceding Quarter 30 Apr 2021</b>	<b>Changes Fav/(Unfav)</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
<b>Revenue</b>	93,887	103,944	(10,057)	(9.7)
Cost of sales	(65,773)	(70,930)	5,157	7.3
<b>Gross profit</b>	28,114	33,014	(4,900)	(14.8)
Other income	1,988	204	1,784	874.5
Administration expenses	(7,947)	(7,813)	(134)	(1.7)
Selling and distribution expenses	(21,900)	(20,761)	(1,139)	(5.5)
Other expenses	(14,375)	(13,948)	(427)	(3.1)
Finance costs	(1,634)	(1,547)	(87)	(5.6)
Share of loss in jointly controlled entity	(545)	(604)	59	9.8
<b>Loss before tax</b>	(16,299)	(11,455)	(4,844)	(42.3)
Tax expense	(413)	(415)	2	0.5
<b>Loss after tax for the period</b>	(16,712)	(11,870)	(4,842)	(40.8)
<b>Loss attributable to:</b>				
Owners of the Company	(14,917)	(10,320)	(4,597)	(44.5)
Non-controlling interest	(1,795)	(1,550)	(245)	(15.8)
	(16,712)	(11,870)	(4,842)	(40.8)
<b>Loss per ordinary share (sen)</b>	(2.19)	(1.51)		

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2021**

	<b>Unaudited 31 July 2021</b>	<b>Audited 31 Oct 2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	209,647	210,183
Right-of-use assets	125,997	128,284
Intangible asset	4,017	-
Investment properties	12,110	12,110
Investment in jointly controlled entity	5,984	6,783
Deferred tax assets	837	837
Fixed deposits with licensed banks	166	163
<b>Total non-current assets</b>	<b>358,758</b>	<b>358,360</b>
<b>Current assets</b>		
Inventories	69,596	66,936
Contract assets	10,600	15,011
Trade receivables	3,574	5,945
Other receivables	31,564	32,927
Amount due from jointly controlled entity	278	287
Tax recoverable	5,102	3,823
Other investments	175	4,913
Fixed Deposits with licensed banks	736	1,308
Cash and bank balances	13,399	39,070
<b>Total current assets</b>	<b>135,024</b>	<b>170,220</b>
<b>Total assets</b>	<b>493,782</b>	<b>528,580</b>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JULY 2021 (Cont'd)**

	<b>Unaudited 31 July 2021 RM'000</b>	<b>Audited 31 Oct 2020 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	201,581	201,581
Revaluation reserve	9,392	9,392
Merger deficit	(45,952)	(45,952)
Retained earnings	74,653	108,830
<b>Equity attributable to owners</b>	<b>239,674</b>	<b>273,851</b>
Non-controlling interests	8,501	12,266
<b>Total equity</b>	<b>248,175</b>	<b>286,117</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for restoration costs	1,965	2,175
Bank borrowings	48,191	49,193
Lease liabilities	41,127	56,929
Deferred tax liabilities	6,761	6,766
<b>Total non-current liabilities</b>	<b>98,044</b>	<b>115,063</b>
<b>Current liabilities</b>		
Trade payables	27,326	34,935
Other payables	40,581	40,001
Provision for restoration costs	195	265
Contract liabilities	1,890	945
Bank borrowings	26,246	18,362
Lease liabilities	50,481	32,555
Tax payable	844	337
<b>Total current liabilities</b>	<b>147,563</b>	<b>127,400</b>
<b>Total liabilities</b>	<b>245,607</b>	<b>242,463</b>
<b>Total equity and liabilities</b>	<b>493,782</b>	<b>528,580</b>
<b>Net assets per share (RM)</b>	<b>0.36</b>	<b>0.42</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 31 JULY 2021**

	← 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 2019</b>	201,581	9,392	(45,952)	118,672	283,693	18,324	302,017
Total comprehensive loss for the year	-	-	-	(9,842)	(9,842)	(6,058)	(15,900)
<b>As at 31 October 2020</b>	201,581	9,392	(45,952)	108,830	273,851	12,266	286,117
Total comprehensive loss for the period	-	-	-	(34,177)	(34,177)	(4,990)	(39,167)
Capital contribution from non-controlling interests	-	-	-	-	-	1,225	1,225
<b>As at 31 July 2021</b>	201,581	9,392	(45,952)	74,653	239,674	8,501	248,175

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 31 JULY 2021**

	<b>Cumulative 9 months ended</b>	
	<b>31 July 2021 RM'000</b>	<b>31 July 2020 (#) RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(37,881)	(6,214)
Adjustments for:		
Amortisation of intangible asset	139	-
Bad debts written off	-	439
Depreciation of property, plant and equipment	16,692	14,489
Depreciation of right-of-use assets	25,931	25,420
Dividend income from other investments	(31)	(250)
Gain on early termination of leases	(35)	-
Interest expense	4,830	3,520
Interest income	(116)	(267)
Inventories written off and wastages	6,311	7,132
Net loss on disposal of property, plant and equipment	273	161
Property, plant and equipment written off	1,157	631
Rental rebates	(5,042)	(982)
Share of loss in jointly controlled entity	799	273
<b>Operating profit before working capital changes</b>	13,027	44,352
Changes in working capital:		
Inventories	(8,972)	(13,397)
Receivables	3,734	8,759
Payables	(7,029)	3,848
Jointly controlled entity	9	154
Contract assets	4,411	(3,983)
Contract liabilities	945	277
Cash generated from operations	6,125	40,010
Tax refund	3	53
Tax paid	(2,066)	(4,275)
<b>Net cash generated from operating activities</b>	4,062	35,788

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 31 JULY 2021 (Cont'd)**

	Cumulative 9 months ended	
	31 July 2021 RM'000	31 July 2020 (#) RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of intangible asset	(4,156)	-
Dividend income from other investments	31	250
Dividend received from jointly controlled entity	-	1,350
Interest received	116	267
Proceeds from disposal of property, plant and equipment	158	96
Placement of fixed deposits	(7)	-
Purchase of property, plant and equipment	(17,744)	(23,313)
Upliftment of fixed deposits	576	-
Upliftment of funds in other investments	4,738	10,681
Capital contribution from non-controlling interests	1,225	-
<b>Net cash used in investing activities</b>	<b>(15,063)</b>	<b>(10,669)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(4,830)	(3,520)
Payment of lease liabilities	(16,722)	(23,600)
Repayment of bank borrowings	(15,418)	(10,684)
Drawdown of bank borrowings	22,300	15,650
<b>Net cash used in financing activities</b>	<b>(14,670)</b>	<b>(22,154)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>Net (decrease)/increase in cash and cash equivalents</b>	(25,671)	2,965
<b>Cash and cash equivalents at 1 November</b>	39,641	14,236
<b>Cash and cash equivalents at 31 July</b>	<b>13,970</b>	<b>17,201</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and bank balances	13,399	16,593
Fixed Deposits with licensed banks	902	1,521
	14,301	18,114
Less: Fixed deposits pledged to licensed banks	(166)	(913)
Less: Fixed deposits with maturity more than 3 months	(165)	-
	13,970	17,201

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

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2021****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 2020.

**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 2020. 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 2020.

**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 its related movement control orders.

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2021 (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**

The current quarter roughed through a period of harsher than before full lockdown and movement control orders including MCO 3.0 and EMCO (Enhanced MCO) that were imposed on many areas of the country including Klang Valley and Selangor, where 80% of the Company’s outlets are located. During the quarter the daily number of new Covid-19 infections went as high as 18,000 cases. The business was operating under emergency from 12 January 2021 as proclaimed by the government.

The severity of the pandemic and the corresponding level of movement control have been affecting the Company’s financial results and performance. However, the overall situation is carefully managed and monitored to minimise the negative impact and ensure sustainability.

**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.

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2021 (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 July 2021</b>				
<b>Revenue</b>				
External	309,390	-	(12,887)	296,503
Inter-segment	-	10,017	(10,017)	-
Revenue	309,390	10,017	(22,904)	296,503
<b>Results</b>				
Amortisation of intangible asset	139	-	-	139
Depreciation of property, plant and equipment	14,914	1,778	-	16,692
Depreciation of right-of-use assets	25,335	3,083	(2,487)	25,931
Interest income	(136)	(10)	30	(116)
Interest expense	4,657	1,517	(1,344)	4,830
Loss on disposal of property, plant and equipment	273	-	-	273
Property, plant and equipment written off	1,157	-	-	1,157
Share of results in jointly controlled entity	799	-	-	799
Loss before tax	(27,451)	(10,198)	(232)	(37,881)
Tax	(1,300)	14	-	(1,286)
Loss after tax	(28,751)	(10,184)	(232)	(39,167)

**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 THIRD QUARTER ENDED 31 JULY 2021 (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 July 2021.

**RM'000**

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

83,899

**A14 CAPITAL COMMITMENTS**

The capital commitments of the Group as at 31 July 2021 were as follows:

**RM'000**

Authorised and contracted for:

- Property, plant and equipment

34,278

**A15 PROPERTY, PLANT AND EQUIPMENT**

For the nine (9) months ended 31 July 2021, the Group acquired assets at the cost of RM17.74 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 3 months ended		Cumulative Quarters 9 months ended	
	31 July 2021 RM'000	31 July 2020 RM'000	31 July 2021 RM'000	31 July 2020 RM'000
<b>Transactions with jointly controlled entity</b>				
Management fees income	7	12	28	308
Warehouse and storage fee	108	108	324	324
Administration fee	7	10	22	29
<b>Transactions with related parties</b>				
Advertising & promotion income	32	-	201	-
Trade sales	4	-	15	-
Trade purchases	777	300	2,397	2,627
Hostel rental expense	-	-	-	3
Office rental income	3	3	9	9
Consultancy fee expenses	-	78	-	388
Medical expenses	-	40	5	64
Royalty and license fees expenses	17	5	50	52
Technical support expenses	67	78	207	388
Staff secondment	60	24	179	71
Purchase of property, plant and equipment	-	19	12	19
Upkeep expenses	-	6	-	9

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## NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2021 (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**

Precursory to the financial review of current quarter performance, it is useful to recap that in the preceding year corresponding quarter, the business went through various phases of recovery, from a total lockdown MCO 1.0 that ended on 3 May 2020, to a Conditional MCO from 4 May 2020 to 9 June 2020, followed by a Recovery MCO from 10 June 2020 onwards. However, for the current quarter MCO as well as CMCO were enforced by locations from 5 March until 31 May 2021, followed by a total lockdown MCO 3.0 from 1 June 2021 onwards. Unfortunately, during the period, Klang Valley where 80% of our outlets were located went through the most severe levels of movement control, namely, the MCO and Enhanced MCO.

To minimise losses during these challenging times, the Company had 16 fewer myNEWS outlets in the current quarter compared with the preceding year corresponding quarter, while WHSmith stores remained quiet as the travel industry remained restricted. Meanwhile, the expansion plan of CU stores that would have strengthened the business was dampened by the declaration of MCO and EMCO which completely stopped the construction of new CU outlets.

For the current quarter ended 31 July 2021, Mynews recorded a revenue of RM93.89 million which was RM16.21 million or 14.7% lower than the preceding year corresponding quarter. As a result, gross profit decreased by 13.4% from RM32.47 million to RM28.11 million. However, its margin increased slightly from 29.5% to 29.9%. There was an increase in other income by RM0.87 million, mainly contributed by the government's Wage Subsidy Programme. The administration expenses increased by RM1.43 million or 21.8% to RM7.95 million. This was attributed to the addition of new talents for CU, new headcounts for myNEWS to gradually refill when necessary the previously trimmed workforce and the costs of marketing and promoting of the products and brands. Recall that the production of FPC was halted for 6 weeks in the corresponding quarter of the preceding year which helped lower the administration expenses then.

The current quarter's selling and distribution expenses is higher by RM2.32 million (11.9%) from RM19.58 million to RM21.90 million. In the preceding year's quarter many outlets were randomly and temporarily closed due to the changing SOP and fluid business conditions resulting in a lower scale of operation and cost. For the current quarter there was also an increase in volume of cashless transactions resulting in a higher charge of RM0.7 million being incurred. Other expenses increased by RM0.88 million or 6.5%, from RM13.50 million to RM14.38 million. The increase was mainly due to the increase in depreciation of property, plant and equipment; and property, plant and equipment written off. For finance costs, the amount increased by RM0.56 million or 52.4%, from RM1.07 million to RM1.63 million. The increase was mainly due to the increase in term loan interest and interest expense on lease liabilities from RM0.73 million to RM1.25 million.

In summary, at a loss before taxation of RM16.30 million, Mynews third quarter 2021 performance was mainly affected by the ongoing Covid-19 pandemic and the long period of severe movement control orders. As the performance in retail declined, the FPC's progress toward achieving the economies of scale was stymied by the drop in retail sales causing it to incur a loss of RM3.66 million in the current quarter. Lastly, adding on to the loss was the share of losses of RM0.55 million of jointly controlled entity, WH Smith, as travel industry remained restricted, if not closed.

## NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2021 (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**

With the worsening pandemic situation and the imposition of MCO and EMCO, revenue for the current quarter of RM93.89 million was lower by RM10.06 million or 9.7% as compared to the immediately preceding quarter of RM103.94 million. Gross profit decreased by RM4.90 million or 14.8%, with average gross profit margin decreased to 29.9% from 31.8% in the immediately preceding quarter. This decrease is mainly attributed by the change in product mix favouring the lower margin products during the lockdown.

During the current quarter, there was an increase in other income by RM1.78 million or 874.5%, as compared to the immediately preceding quarter of RM0.20 million, for the same reason explained in B1 paragraph 3 above. As for selling and distribution expenses, the amount increased by RM1.14 million or 5.5%, from RM20.76 million to RM21.90 million. This increase was partly attributed to more CU outlets in current quarter. In addition, the distribution overhead also increased by RM0.72 million from RM2.65 million to RM3.37 million in the current quarter.

Loss before taxation was RM16.30 million for the current quarter as compared to RM11.46 million loss in the immediately preceding quarter. In addition to the decrease in gross profit margin, the other contributing factors include the additional costs incurred in establishing and promoting the new CU stores and brand, transportation costs in launching Maru products nationwide and increase in delivery charges in tandem with the increase in online delivery sales.

**B3 PROSPECTS**

Since the beginning of Covid-19 pandemic, the Company's business performance has been negatively affected by the various phases of movement control order (MCO). The severity of the impact corresponds to the strictness of each phase of the MCO; the stricter the control, the worse is the performance.

As the Company navigates through the pandemic, various measures have been taken to minimise risk, and ensure sustainability. These measures include controlling cost in every aspect of the business operations and downsizing the store network and workforce through closures of poor performing stores.

At the same time, the Company took the opportunity to reposition itself for the upcoming post pandemic recovery by:

1. Expanding the omnichannel retail by collaborating with strong partners to deliver on-demand everyday goods and fresh foods to your doorstep;
2. Launching myNEWS SUPERVALUE to meet the demand of new norm consumers; and
3. Bolstering the Company's retail strength with the addition of a new brand, CU, from South Korea.

With the above measures, the Company is hopeful for a steady post pandemic recovery as the country moves towards normalisation under the National Recovery Plan (NRP).

**NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2021 (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 9 months ended	
	31 July 2021 RM'000	31 July 2020 RM'000	31 July 2021 RM'000	31 July 2020 RM'000
<b>Loss before tax is arrived at after charging:</b>				
Amortisation of intangible asset	104	-	139	-
Depreciation of property, plant and equipment	5,681	4,968	16,692	14,489
Depreciation of right-of-use assets	8,543	8,797	25,931	25,420
Property, plant and equipment written off	671	248	1,157	631
Interest expense	1,634	1,072	4,830	3,520
Net loss on disposal of property, plant and equipment	93	102	273	161
<b>And after crediting:</b>				
Interest Income	(57)	(125)	(116)	(267)
Dividend income from other investments	(2)	(49)	(31)	(250)

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

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2021 (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 July 2021 RM'000	31 July 2020 RM'000	31 July 2021 RM'000	31 July 2020 RM'000
<b>Current tax:</b>				
Provision for current period	396	(571)	1,283	1,469
Underprovision in prior year	17	-	8	-
<b>Deferred tax:</b>				
Provision for current period	-	89	-	319
Overprovision in prior year	-	-	(5)	-
<b>Total tax expense</b>	<b>413</b>	<b>(482)</b>	<b>1,286</b>	<b>1,788</b>

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.

**B8 BORROWINGS AND DEBT SECURITIES**

The Group's borrowings as at 31 July 2021 are as follows:

	Unaudited As at 31 July 2021 RM'000	Audited As at 31 Oct 2020 RM'000
<b>Short term borrowings – Secured</b>		
Term loans	2,200	1,369
Revolving credit	24,046	16,993
	<u>26,246</u>	<u>18,362</u>
<b>Long term borrowings – Secured</b>		
Term loans	25,312	26,869
Revolving credit	22,879	22,324
	<u>48,191</u>	<u>49,193</u>
<b>Total borrowings – Secured</b>		
Term loans	27,512	28,238
Revolving credit	46,925	39,317
	<u>74,437</u>	<u>67,555</u>

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



**NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2021 (Cont'd)**
**B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**
**B9 MATERIAL LITIGATION**

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

**B10 DIVIDEND**

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 July 2021 RM'000	31 July 2020 RM'000	31 July 2021 RM'000	31 July 2020 RM'000
Loss attributable to owners of the Company (RM'000)	(14,917)	(6,087)	(34,177)	(4,069)
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>(2.19)</u>	<u>(0.89)</u>	<u>(5.01)</u>	<u>(0.60)</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.

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