

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 first quarter ended 31 January 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 FIRST QUARTER ENDED 31 JANUARY 2021**

**i) Current quarter and financial year to date**

|   | Current Quarter          |                          |                       |         | Cumulative Quarters      |                          |                       |         |
|---|--------------------------|--------------------------|-----------------------|---------|--------------------------|--------------------------|-----------------------|---------|
|   | 3 months ended           |                          | Changes               |         | 3 months ended           |                          | Changes               |         |
|   | 31 Jan<br>2021<br>RM'000 | 31 Jan<br>2020<br>RM'000 | Fav/(Unfav)<br>RM'000 | %       | 31 Jan<br>2021<br>RM'000 | 31 Jan<br>2020<br>RM'000 | Fav/(Unfav)<br>RM'000 | %       |
| <b>Revenue</b>  | 98,651                   | 140,577                  | (41,926)              | (29.8)  | 98,651                   | 140,577                  | (41,926)              | (29.8)  |
| Cost of sales   | (67,201)                 | (90,642)                 | 23,441                | 25.9    | (67,201)                 | (90,642)                 | 23,441                | 25.9    |
| <b>Gross profit</b>   | 31,450                   | 49,935                   | (18,485)              | (37.0)  | 31,450                   | 49,935                   | (18,485)              | (37.0)  |
| Other income  | 332                      | 604                      | (272)                 | (45.0)  | 332                      | 604                      | (272)                 | (45.0)  |
| Administration expenses   | (7,120)                  | (7,421)                  | 301                   | 4.1     | (7,120)                  | (7,421)                  | 301                   | 4.1     |
| Selling and distribution expenses                                 | (19,842)                 | (24,915)                 | 5,073                 | 20.4    | (19,842)                 | (24,915)                 | 5,073                 | 20.4    |
| Other expenses  | (13,648)                 | (12,625)                 | (1,023)               | (8.1)   | (13,648)                 | (12,625)                 | (1,023)               | (8.1)   |
| Finance costs   | (1,649)                  | (1,250)                  | (399)                 | (31.9)  | (1,649)                  | (1,250)                  | (399)                 | (31.9)  |
| Share of profit in jointly controlled entity                      | 350                      | 758                      | (408)                 | (53.8)  | 350                      | 758                      | (408)                 | (53.8)  |
| <b>(Loss)/Profit before tax</b>                                   | (10,127)                 | 5,086                    | (15,213)              | (299.1) | (10,127)                 | 5,086                    | (15,213)              | (299.1) |
| Tax expense   | (458)                    | (2,050)                  | 1,592                 | 77.7    | (458)                    | (2,050)                  | 1,592                 | 77.7    |
| <b>Net (Loss)/Profit for the period</b>                           | (10,585)                 | 3,036                    | (13,621)              | (448.6) | (10,585)                 | 3,036                    | (13,621)              | (448.6) |
| <b>Net (Loss)/Profit attributable to:</b>                         |                          |                          |                       |         |                          |                          |                       |         |
| Owners of the Company   | (8,940)                  | 4,351                    | (13,291)              | (305.5) | (8,940)                  | 4,351                    | (13,291)              | (305.5) |
| Non-controlling interest  | (1,645)                  | (1,315)                  | (330)                 | (25.1)  | (1,645)                  | (1,315)                  | (330)                 | (25.1)  |
|   | (10,585)                 | 3,036                    | (13,621)              | (448.6) | (10,585)                 | 3,036                    | (13,621)              | (448.6) |
| <b>Total comprehensive (loss)/income attributable to:</b>         |                          |                          |                       |         |                          |                          |                       |         |
| Owners of the Company   | (8,940)                  | 4,351                    | (13,291)              | (305.5) | (8,940)                  | 4,351                    | (13,291)              | (305.5) |
| Non-controlling interest  | (1,645)                  | (1,315)                  | (330)                 | (25.1)  | (1,645)                  | (1,315)                  | (330)                 | (25.1)  |
|   | (10,585)                 | 3,036                    | (13,621)              | (448.6) | (10,585)                 | 3,036                    | (13,621)              | (448.6) |
| <b>Basic (Loss)/ Earnings per ordinary share (sen) (Note B11)</b> | (1.31)                   | 0.64                     |                       |         | (1.31)                   | 0.64                     |                       |         |

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

|  | <b>Current<br/>Quarter<br/>31 Jan 2021<br/>RM'000</b> | <b>Immediately<br/>Preceding Quarter<br/>31 Oct 2020 (#)<br/>RM'000</b> | <b>Changes<br/>Fav/(Unfav)</b> |           |
|--|---|---|--------------------------------|-----------|
|  |   |   | <b>RM'000</b>                  | <b>%</b>  |
| <b>Revenue</b>   | 98,651  | 115,228   | (16,577)                       | (14.4)    |
| Cost of sales  | (67,201)  | (78,961)  | 11,760                         | 14.9      |
| <b>Gross profit</b>                                    | 31,450  | 36,267  | (4,817)                        | (13.3)    |
| Other income   | 332   | 527   | (195)                          | (37.0)    |
| Administration expenses                                | (7,120)   | (6,220)   | (900)                          | (14.5)    |
| Selling and distribution expenses                      | (19,842)  | (19,775)  | (67)                           | (0.3)     |
| Other expenses   | (13,648)  | (15,912)  | 2,264                          | 14.2      |
| Finance costs  | (1,649)   | (1,677)   | 28                             | 1.7       |
| Share of profit/(loss) in jointly<br>controlled entity | 350   | (1,094)   | 1,444                          | 132.0     |
| <b>Loss before tax</b>                                 | (10,127)  | (7,884)   | (2,243)                        | (28.5)    |
| Tax expense  | (458)   | (14)  | (444)                          | (3,171.4) |
| <b>Loss after tax for the period</b>                   | (10,585)  | (7,898)   | (2,687)                        | (34.0)    |
| <b>Loss attributable to:</b>                           |   |   |                                |           |
| Owners of the Company                                  | (8,940)   | (5,773)   | (3,167)                        | (54.9)    |
| Non-controlling interest                               | (1,645)   | (2,125)   | 480                            | 22.6      |
|  | (10,585)  | (7,898)   | (2,687)                        | (34.0)    |
| <b>Loss per ordinary share (sen)</b>                   | (1.31)  | (0.85)  |                                |           |

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

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

|   | <b>Unaudited<br/>31 Jan 2021</b> | <b>Audited<br/>31 Oct 2020</b> |
|---|----------------------------------|--------------------------------|
|   | <b>RM'000</b>                    | <b>RM'000</b>                  |
| <b>ASSETS</b>                             |                                  |                                |
| <b>Non-current assets</b>                 |                                  |                                |
| Property, plant and equipment             | 216,086                          | 210,183                        |
| Right-of-use assets                       | 131,622                          | 128,284                        |
| Investment properties                     | 12,110                           | 12,110                         |
| Investment in jointly controlled entity   | 7,133                            | 6,783                          |
| Deferred tax assets                       | 837                              | 837                            |
| Fixed deposits with licensed banks        | 164                              | 163                            |
| <b>Total non-current assets</b>           | <b>367,953</b>                   | <b>358,360</b>                 |
| <b>Current assets</b>                     |                                  |                                |
| Inventories                               | 53,274                           | 66,936                         |
| Contract assets                           | 15,717                           | 15,011                         |
| Trade receivables                         | 7,596                            | 5,945                          |
| Other receivables                         | 30,908                           | 32,927                         |
| Amount due from jointly controlled entity | 167                              | 287                            |
| Tax recoverable                           | 4,505                            | 3,823                          |
| Other investments                         | 2,936                            | 4,913                          |
| Fixed Deposits with licensed banks        | 1,310                            | 1,308                          |
| Cash and bank balances                    | 10,812                           | 39,070                         |
| <b>Total current assets</b>               | <b>127,225</b>                   | <b>170,220</b>                 |
| <b>Total assets</b>                       | <b>495,178</b>                   | <b>528,580</b>                 |

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

|                                      | <b>Unaudited<br/>31 Jan 2021<br/>RM'000</b> | <b>Audited<br/>31 Oct 2020<br/>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                    | 99,890                                      | 108,830                                   |
| <b>Equity attributable to owners</b> | <b>264,911</b>                              | <b>273,851</b>                            |
| Non-controlling interests            | 10,621                                      | 12,266                                    |
| <b>Total equity</b>                  | <b>275,532</b>                              | <b>286,117</b>                            |
| <b>LIABILITIES</b>                   |   |   |
| <b>Non-current liabilities</b>       |   |   |
| Provision for restoration costs      | 2,080                                       | 2,175                                     |
| Bank borrowings                      | 47,523                                      | 49,193                                    |
| Lease liabilities                    | 42,719                                      | 56,929                                    |
| Deferred tax liabilities             | 6,761                                       | 6,766                                     |
| <b>Total non-current liabilities</b> | <b>99,083</b>                               | <b>115,063</b>                            |
| <b>Current liabilities</b>           |   |   |
| Trade payables                       | 13,763                                      | 34,935                                    |
| Other payables                       | 45,679                                      | 40,001                                    |
| Provision for restoration costs      | 145   | 265                                       |
| Contract liabilities                 | 1,409                                       | 945                                       |
| Bank borrowings                      | 8,555                                       | 18,362                                    |
| Lease liabilities                    | 50,295                                      | 32,555                                    |
| Tax payable                          | 717   | 337                                       |
| <b>Total current liabilities</b>     | <b>120,563</b>                              | <b>120,400</b>                            |
| <b>Total liabilities</b>             | <b>219,646</b>                              | <b>242,463</b>                            |
| <b>Total equity and liabilities</b>  | <b>495,178</b>                              | <b>528,580</b>                            |
| <b>Net assets per share (RM)</b>     | <b>0.40</b>                                 | <b>0.42</b>                               |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 31 JANUARY 2021

|   | ← Non-distributable →   |                               |                          | Distributable               |                 | Non-Controlling Interests<br>RM'000 | Total Equity<br>RM'000 |
|---|-------------------------|-------------------------------|--------------------------|-----------------------------|-----------------|-------------------------------------|------------------------|
|   | Share Capital<br>RM'000 | Revaluation Reserve<br>RM'000 | Merger Deficit<br>RM'000 | Retained Earnings<br>RM'000 | Total<br>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 | -                       | -                             | -                        | (8,940)                     | (8,940)         | (1,645)                             | (10,585)               |
| <b>As at 31 January 2021</b>            | 201,581                 | 9,392                         | (45,952)                 | 99,890                      | 264,911         | 10,621                              | 275,532                |

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FIRST QUARTER ENDED 31 JANUARY 2021**

|  | <b>Cumulative<br/>3 months ended</b> |                    |
|--|--------------------------------------|--------------------|
|  | <b>31 Jan 2021</b>                   | <b>31 Jan 2020</b> |
|  | <b>RM'000</b>                        | <b>RM'000</b>      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |                                      |                    |
| (Loss)/Profit before tax                               | (10,127)                             | 5,086              |
| Adjustments for:                                       |                                      |                    |
| Depreciation of property, plant and equipment          | 5,826                                | 4,625              |
| Depreciation of right-of-use assets                    | 8,577                                | 8,508              |
| Net loss on disposal of property, plant and equipment  | 26                                   | 33                 |
| Dividend income from other investments                 | (20)                                 | (130)              |
| Interest expense                                       | 1,649                                | 1,250              |
| Share of profit in jointly controlled entity           | (350)                                | (758)              |
| Inventories written off and wastages                   | 1,700                                | 3,001              |
| Property, plant and equipment written off              | 123                                  | 104                |
| Interest income  | (41)                                 | (89)               |
| Gain on early termination of leases                    | (4)                                  | -                  |
| Rental rebates   | (685)                                | -                  |
| <b>Operating profit before working capital changes</b> | <b>6,674</b>                         | <b>21,630</b>      |
| Changes in working capital:                            |                                      |                    |
| Inventories  | 11,962                               | (11,709)           |
| Receivables  | 368                                  | 3,099              |
| Payables   | (15,494)                             | 3,950              |
| Jointly controlled entity                              | 119                                  | 166                |
| Contract assets  | (706)                                | 1,327              |
| Contract liabilities                                   | 464                                  | (12)               |
| Cash generated from operations                         | 3,387                                | 18,451             |
| Tax refund   | 3                                    | 53                 |
| Tax paid   | (768)                                | (1,473)            |
| <b>Net cash generated from operating activities</b>    | <b>2,622</b>                         | <b>17,031</b>      |

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

|   | <b>Cumulative<br/>3 months ended</b> |                    |
|---|--------------------------------------|--------------------|
|   | <b>31 Jan 2021</b>                   | <b>31 Jan 2020</b> |
|   | <b>RM'000</b>                        | <b>RM'000</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>             |                                      |                    |
| Dividend income from other investments                  | 20                                   | 130                |
| Proceeds from disposal of property, plant and equipment | 9                                    | 87                 |
| Placement of fixed deposits                             | (3)                                  | -                  |
| Proceeds from redemption of other investments           | 1,977                                | 7,552              |
| Purchase of property, plant and equipment               | (12,104)                             | (11,928)           |
| Interest received                                       | 41                                   | 89                 |
| <b>Net cash used in investing activities</b>            | <b>(10,060)</b>                      | <b>(4,070)</b>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>             |                                      |                    |
| Interest paid   | (1,649)                              | (1,250)            |
| Payment of lease liabilities                            | (7,695)                              | (8,215)            |
| Repayment of bank borrowings                            | (11,477)                             | (986)              |
| Drawdown of bank borrowings                             | -                                    | 3,000              |
| <b>Net cash used in financing activities</b>            | <b>(20,821)</b>                      | <b>(7,451)</b>     |
| <b>CASH AND CASH EQUIVALENTS</b>                        |                                      |                    |
| <b>Net decrease in cash and cash equivalents</b>        | (28,259)                             | (5,510)            |
| <b>Cash and cash equivalents at 1 November</b>          | 39,641                               | 14,236             |
| <b>Cash and cash equivalents at 31 January</b>          | <b>11,382</b>                        | <b>19,746</b>      |
| <b>Reconciliation of cash and cash equivalents</b>      |                                      |                    |
| Cash and bank balances                                  | 10,812                               | 19,224             |
| Fixed Deposits with licensed banks                      | 1,474                                | 1,435              |
|   | 12,286                               | 20,659             |
| Less: Fixed deposits pledged to licensed banks          | (164)                                | (913)              |
| Less: Fixed deposits with maturity more than 3 months   | (740)                                | -                  |
|   | 11,382                               | 19,746             |

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 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 stores, predominantly convenience stores (CVS). 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 chains. In October 2020, the Company through its wholly-owned subsidiary Mycu Retail Sdn Bhd inked a licensing agreement with South Korea’s BGF Retail Co. Ltd to operate CU CVS stores in Malaysia. With this, the Company has become the operator of the retail brands myNEWS, myNEWS SUPERVALUE, WHSmith and CU.

**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.



**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 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**

This financial quarter was caught squarely within the periods of Movement Control Order (MCO) and Conditional Movement Control Order (CMCO). Besides, on 12 January 2021 the Agong of Malaysia declared a national State of Emergency until 1 August 2021 to curb the spread of COVID-19. The Group's retail convenience business was allowed to operate throughout the MCO and CMCO periods, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry. However, the movement control orders during the pandemic situation have significantly impacted the Company's performance negatively. The Group will continue to actively monitor and manage its funds and operations carefully to minimise as much as possible the ongoing negative impact brought about by the pandemic.

**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 FIRST QUARTER ENDED 31 JANUARY 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<br>RM'000 | Manufacturing<br>RM'000 | Elimination<br>RM'000 | Total<br>RM'000 |
|---|------------------|-------------------------|-----------------------|-----------------|
| <b>For the period ended<br/>31 January 2021</b> |                  |                         |                       |                 |
| <b>Revenue</b>                                  |                  |                         |                       |                 |
| External  | 101,981          | -                       | (3,330)               | 98,651          |
| Inter-segment                                   | -                | 2,685                   | (2,685)               | -               |
| Revenue   | 101,981          | 2,685                   | (6,015)               | 98,651          |
| <b>Results</b>                                  |                  |                         |                       |                 |
| Depreciation of property, plant and equipment   | 5,234            | 592                     | -                     | 5,826           |
| Depreciation of right-of-use assets             | 8,380            | 1,026                   | (829)                 | 8,577           |
| Interest income                                 | (39)             | (2)                     | -                     | (41)            |
| Interest expense                                | 1,599            | 505                     | (455)                 | 1,649           |
| Share of results in jointly controlled entity   | (350)            | -                       | -                     | (350)           |
| Loss before tax                                 | (7,259)          | (3,360)                 | 492                   | (10,127)        |
| Tax   | (460)            | 2                       | -                     | (458)           |
| Loss after tax                                  | (7,719)          | (3,358)                 | 492                   | (10,585)        |

**A11 SUBSEQUENT MATERIAL EVENTS**

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

**A12 CHANGES IN COMPOSITION OF THE GROUP**

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

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2021 (Cont'd)**
**A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)**
**A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

Save as disclosed below, there were no material contingent liabilities or assets for the reporting quarter ended 31 January 2021.

**RM'000**

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

62,506

**A14 CAPITAL COMMITMENTS**

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

**RM'000**

Authorised and contracted for:

- Property, plant and equipment

29,032

**A15 PROPERTY, PLANT AND EQUIPMENT**

For the three (3) months ended 31 January 2021, the Group acquired assets at the cost of RM12.10 million, which comprised principally of set up costs and purchase of equipment and furniture for new outlets and outlets revamp.

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**A16 SIGNIFICANT RELATED PARTY TRANSACTIONS**

|  | Current Quarter          |                          | Cumulative Quarters      |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 3 months ended           |                          | 3 months ended           |                          |
|  | 31 Jan<br>2021<br>RM'000 | 31 Jan<br>2020<br>RM'000 | 31 Jan<br>2021<br>RM'000 | 31 Jan<br>2020<br>RM'000 |
| <b>Transactions with jointly controlled entity</b> |                          |                          |                          |                          |
| Management fees income                             | 14                       | 213                      | 14                       | 213                      |
| Warehouse and storage fee                          | 108                      | 108                      | 108                      | 108                      |
| Administration fee                                 | 7                        | 10                       | 7                        | 10                       |
| Trade purchases                                    | 1                        | -                        | 1                        | -                        |
| <b>Transactions with related parties</b>           |                          |                          |                          |                          |
| Advertising & promotion income                     | 164                      | -                        | 164                      | -                        |
| Trade sales  | 2                        | -                        | 2                        | -                        |
| Trade purchases                                    | 613                      | 1,429                    | 613                      | 1,429                    |
| Hostel rental expense                              | -                        | 3                        | -                        | 3                        |
| Office rental income                               | 3                        | 3                        | 3                        | 3                        |
| Consultancy fee expenses                           | -                        | 83                       | -                        | 83                       |
| Medical expenses                                   | 5                        | 23                       | 5                        | 23                       |
| Royalty and license fees expenses                  | 15                       | 26                       | 15                       | 26                       |
| Technical support expenses                         | 71                       | 45                       | 71                       | 45                       |
| Staff secondment                                   | 60                       | 27                       | 60                       | 27                       |
| Purchase of property, plant and equipment          | 6                        | -                        | 6                        | -                        |

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## NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 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**

For the quarter ended 31 January 2021, Mynews recorded a revenue of RM98.65 million which is RM41.93 million or 29.8% lower than the preceding year corresponding quarter. For the same quarter to quarter comparison, the number of outlets decreased from 535 to 524. Gross profit decreased to RM31.45 million from RM49.94 million while its margin decreased to 31.9% from 35.5%. The performance was adversely affected by the closure of outlets and decrease in daily sales at outlets that remained open for reasons explained earlier in paragraph A6 as well as the shift in product sales mix favourable to categories of lower margin such as daily essential items.

During the current quarter, there was a decrease in administration expenses by RM0.30 million or 4.1%, as compared to the amount in year 2020 from RM7.42 million to RM7.12 million, due mainly to decrease in staff costs in HQ and FPC. Selling and distribution expenses decreased by RM5.07 million or 20.4%, as compared to the amount in year 2020 from RM24.92 million to RM19.84 million. This was generally due to decrease in number of outlets from 535 to 524 and overtime costs saving of RM1.92 million for shorter operating hours. As for other expenses, the amount increased by RM1.02 million or 8.1%, as compared to the amount in year 2020 from RM12.63 million to RM13.65 million. The increase was mainly due to increase in depreciation of property, plant and equipment from RM4.07 million to RM5.23 million.

In summary, Mynews first quarter results were adversely affected by the ongoing Covid-19 pandemic with a loss before taxation of RM10.13 million. Other contributing factors were losses incurred by the FPC of RM3.36 million for the quarter. However, the loss was partially offset by share of profit of RM0.35 million of jointly controlled entity, WH Smith. The profit in jointly controlled entity is due to rental rebates received being higher than the operating losses in the current quarter as travel industry continues to be significantly affected by COVID-19 pandemic, restriction of overseas travel activities of Malaysian citizens and inbound tour activities involving foreign tourists entering Malaysia.

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

Revenue for the current quarter of RM98.65 million was lower by RM16.58 million or 14.4% as compared to the immediately preceding quarter of RM115.23 million. Gross profit decreased by RM4.82 million or 13.3%, with average gross profit margin at 31.9% compared to 31.5% in the immediately preceding quarter.

During the current quarter, there was an increase in administration expenses by RM0.90 million or 14.5%, as compared to the immediately preceding quarter of RM6.22 million. This was due to increase spending on the promotional materials. As for other expenses, the amount decreased by RM2.26 million or 14.2%, as compared to the immediately preceding quarter of RM15.91 million. This decrease was mainly attributed to a lower property, plant and equipment written off in first quarter of year 2021 of RM0.12 million as compared to fourth quarter of year 2020 of RM1.72 million.

## NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 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 (Cont'd)**

Loss before taxation was RM10.13 million for the current quarter as compared to the immediately preceding quarter loss of RM7.88 million. Mynews results was impacted by the Government replacing the Recovery Movement Control Order ("RMCO") with a more restrictive control Conditional Movement Control Order ("CMCO") in Klang Valley and some other parts of the country on 14 Oct 2020 as a result of the rising number in the positive Covid-19 cases. The Government has further imposed the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") for selected states which are severely affected by the COVID-19 since 11 January 2021.

**B3 PROSPECTS**

When CMCO was extended to more areas on 9 November 2020, the upward trend of the Group's performance was immediately reversed. The CMCO was later extended three times until 14 January 2021. From 15 January until 29 January 2021, the stricter level of control, the MCO, was reimposed causing the business to nosedive. With our first financial quarter being from 1 November 2020 until 31 January 2021, the Group's business was basically dragged through the longest period of the worst movement controls so far. Moreover, about 80% of our outlets is located in the Klang Valley which has been going through the most restrictive movement controls in the country.

Judging from our historical performance since the beginning of Covid-19 pandemic, the movement control orders have become the barometer of our business performance. The stricter the control, the worse the performance. Hence, moving forward, in anticipation of the gradual relaxation of the movement control and the commencement of vaccination in the country, we are hoping for a gradual recovery in our business.

The first CU outlet will be launched on 1 April in Centre Point, Bandar Utama. Thereafter, the Company targets to open between 30 to 50 CU outlets this year. We are optimistic that this brand and concept from South Korea will be successful and will likely increase the business of the Company at a faster rate. Similarly, myNEWS SUPERVALUE stores that cater for new norm shoppers will add more business to the Company, as we target to open 20 stores this year. Meanwhile, our most popular myNEWS brand stores will continue to grow at suitable locations.

In summary, our business will continue to grow in line with the growth of all the brands in our stable, namely, myNEWS, myNEWS SUPERVALUE, WHSmith and CU. While all the brands expand simultaneously but at different rates, we expect to realise a faster rate of growth overall, barring any adverse unforeseen circumstances.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 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<br>3 months ended |                          | Cumulative Quarter<br>3 months ended |                          |
|---|-----------------------------------|--------------------------|--------------------------------------|--------------------------|
|   | 31 Jan<br>2021<br>RM'000          | 31 Jan<br>2020<br>RM'000 | 31 Jan<br>2021<br>RM'000             | 31 Jan<br>2020<br>RM'000 |
| <b>(Loss)/profit before tax is arrived at after charging:</b> |                                   |                          |                                      |                          |
| Depreciation of property, plant and equipment                 | 5,826                             | 4,625                    | 5,826                                | 4,625                    |
| Depreciation of right-of-use assets                           | 8,577                             | 8,508                    | 8,577                                | 8,508                    |
| Property, plant and equipment written off                     | 123                               | 104                      | 123                                  | 104                      |
| Interest expense  | 1,649                             | 1,250                    | 1,649                                | 1,250                    |
| Net loss on disposal of property, plant and equipment         | 26                                | 33                       | 26                                   | 33                       |
| <b>And after crediting:</b>                                   |                                   |                          |                                      |                          |
| Interest Income   | (41)                              | (89)                     | (41)                                 | (89)                     |
| Dividend income from other investments                        | (20)                              | (130)                    | (20)                                 | (130)                    |

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 FIRST QUARTER ENDED 31 JANUARY 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<br>3 months ended |                          | Cumulative Quarters<br>3 months ended |                          |
|------------------------------|-----------------------------------|--------------------------|---------------------------------------|--------------------------|
|                              | 31 Jan<br>2021<br>RM'000          | 31 Jan<br>2020<br>RM'000 | 31 Jan<br>2021<br>RM'000              | 31 Jan<br>2020<br>RM'000 |
| <b>Current tax:</b>          |                                   |                          |                                       |                          |
| Provision for current period | 463                               | 2,050                    | 463                                   | 2,050                    |
| <b>Deferred tax:</b>         |                                   |                          |                                       |                          |
| Provision for current period | (5)                               | -                        | (5)                                   | -                        |
| Total tax expense            | <u>458</u>                        | <u>2,050</u>             | <u>458</u>                            | <u>2,050</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.

**B8 BORROWINGS AND DEBT SECURITIES**

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

|  | Unaudited<br>As at<br>31 Jan 2021<br>RM'000 | Audited<br>As at<br>31 Oct 2020<br>RM'000 |
|--|---|---|
| <b>Short term borrowings – Secured</b> |   |   |
| Term loans                             | 1,562                                       | 1,369                                     |
| Revolving credit                       | 6,993                                       | 16,993                                    |
|  | <u>8,555</u>                                | <u>18,362</u>                             |
| <b>Long term borrowings – Secured</b>  |   |   |
| Term loans                             | 26,948                                      | 26,869                                    |
| Revolving credit                       | 20,575                                      | 22,324                                    |
|  | <u>47,523</u>                               | <u>49,193</u>                             |
| <b>Total borrowings – Secured</b>      |   |   |
| Term loans                             | 28,510                                      | 28,238                                    |
| Revolving credit                       | 27,568                                      | 39,317                                    |
|  | <u>56,078</u>                               | <u>67,555</u>                             |

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



**NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 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<br>3 months ended |                          | Cumulative Quarters<br>3 months ended |                          |
|--|-----------------------------------|--------------------------|---------------------------------------|--------------------------|
|  | 31 Jan<br>2021<br>RM'000          | 31 Jan<br>2020<br>RM'000 | 31 Jan<br>2021<br>RM'000              | 31 Jan<br>2020<br>RM'000 |
| (Loss)/Profit attributable to owners of the Company (RM'000) | (8,940)                           | 4,351                    | (8,940)                               | 4,351                    |
| 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>(1.31)</u>                     | <u>0.64</u>              | <u>(1.31)</u>                         | <u>0.64</u>              |

The basic (loss)/earnings per share is computed based on the (loss)/profit attributable to the owners of the Company divided by the number of ordinary shares in issue for the period under review. The Company does not have any dilutive potential ordinary shares in issue for the period under review.

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