

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 fourth quarter ended 31 October 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 FOURTH QUARTER ENDED 31 OCTOBER 2022
i) Current quarter and financial year to date

	Current Quarter 3 months ended				Cumulative Quarters 12 months ended			
	31 Oct 2022 RM'000	31 Oct 2021 RM'000	Changes Fav/(Unfav) RM'000	%	31 Oct 2022 RM'000	31 Oct 2021 RM'000	Changes Fav/(Unfav) RM'000	%
Revenue	180,601	97,866	82,735	84.5	631,333	394,369	236,964	60.1
Cost of sales	(119,589)	(70,009)	(49,580)	(70.8)	(418,673)	(273,913)	(144,760)	(52.8)
Gross profit	61,012	27,857	33,155	119.0	212,660	120,456	92,204	76.5
Other income	2,047	1,930	117	6.1	2,931	4,451	(1,520)	(34.1)
Administration expenses	(7,670)	(6,208)	(1,462)	(23.6)	(33,042)	(29,106)	(3,936)	(13.5)
Selling and distribution expenses	(35,586)	(22,850)	(12,736)	(55.7)	(126,475)	(85,353)	(41,122)	(48.2)
Other expenses	(16,228)	(14,791)	(1,437)	(9.7)	(68,922)	(56,762)	(12,160)	(21.4)
Finance costs	(2,582)	(1,546)	(1,036)	(67.0)	(8,809)	(6,376)	(2,433)	(38.2)
Share of profit/(loss) in jointly controlled entity	503	55	448	814.5	668	(744)	1,412	189.8
Profit/(Loss) before tax	1,496	(15,553)	17,049	109.6	(20,989)	(53,434)	32,445	60.7
Tax (expense)/income	(969)	4,749	(5,718)	(120.4)	(1,160)	3,463	(4,623)	(133.5)
Net profit/(Loss) for the period	527	(10,804)	11,331	104.9	(22,149)	(49,971)	27,822	55.7
Other comprehensive income								
Revaluation surplus on land and buildings, net of tax	-	8,558	(8,558)	(100.0)	-	8,558	(8,558)	(100.0)
Total comprehensive income/(loss)	527	(2,246)	2,773	123.5	(22,149)	(41,413)	19,264	46.5

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2022 (Cont'd)

i) Current quarter and financial year to date (Cont'd)

	Current Quarter 3 months ended				Cumulative Quarters 12 months ended			
	31 Oct 2022 RM'000	31 Oct 2021 RM'000	Changes Fav/(Unfav) RM'000	%	31 Oct 2022 RM'000	31 Oct 2021 RM'000	Changes Fav/(Unfav) RM'000	%
Net income/(loss) attributable to:								
Owners of the Company	1,368	(9,032)	10,400	115.1	(18,168)	(43,209)	25,041	58.0
Non-controlling interest	(841)	(1,772)	931	52.5	(3,981)	(6,762)	2,781	41.1
	<u>527</u>	<u>(10,804)</u>	<u>11,931</u>	<u>104.9</u>	<u>(22,149)</u>	<u>(49,971)</u>	<u>27,822</u>	<u>55.7</u>
Total comprehensive income/(loss) attributable to:								
Owners of the Company	1,368	(474)	1,842	388.6	(18,168)	(34,651)	16,483	47.6
Non-controlling interest	(841)	(1,772)	931	52.5	(3,981)	(6,762)	2,781	41.1
	<u>527</u>	<u>(2,246)</u>	<u>2,773</u>	<u>123.5</u>	<u>(22,149)</u>	<u>(41,413)</u>	<u>19,264</u>	<u>46.5</u>
Basic Earning/(Loss) per ordinary share (sen) (Note B11)	<u>0.20</u>	<u>(1.32)</u>			<u>(2.66)</u>	<u>(6.33)</u>		

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2022 (Cont'd)**

ii) Current quarter compared with immediately preceding quarter

	Current Quarter 31 Oct 2022	Immediately Preceding Quarter 31 July 2022	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
Revenue	180,601	170,200	10,401	6.1
Cost of sales	(119,589)	(109,647)	(9,942)	(9.1)
Gross profit	61,012	60,553	459	0.8
Other income	2,047	249	1,798	722.1
Administration expenses	(7,670)	(8,032)	362	4.5
Selling and distribution expenses	(35,586)	(33,472)	(2,114)	(6.3)
Other expenses	(16,228)	(19,772)	3,544	17.9
Finance costs	(2,582)	(2,286)	(296)	(12.9)
Share of profit in jointly controlled entity	503	422	81	19.2
Profit/(Loss) before tax	1,496	(2,338)	3,834	164.0
Tax expense	(969)	(60)	(909)	(1,515.0)
Profit/(Loss) after tax for the period	527	(2,398)	2,925	122.0
Income/(Loss) attributable to:				
Owners of the Company	1,368	(1,454)	2,822	194.1
Non-controlling interest	(841)	(944)	103	10.9
	527	(2,398)	2,925	122.0
Total comprehensive income/(loss) attributable to:				
Owners of the Company	1,368	(1,454)	2,822	194.1
Non-controlling interest	(841)	(944)	103	10.9
	527	(2,398)	2,925	122.0
Earning/(Loss) per ordinary share (sen)	0.20	(0.21)		

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

	Unaudited 31 Oct 2022 RM'000	Audited 31 Oct 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	248,298	206,834
Right-of-use assets	209,763	140,458
Intangible asset	3,498	3,914
Investment properties	5,110	12,110
Investment in jointly controlled entity	6,707	6,039
Deferred tax assets	837	837
Fixed deposits with licensed banks	168	165
Total non-current assets	474,381	370,357
Current assets		
Inventories	81,047	58,778
Contract assets	10,937	12,990
Trade receivables	769	1,393
Other receivables	34,752	35,916
Amount due from jointly controlled entity	80	38
Tax recoverable	6,213	5,645
Other investments	-	176
Fixed Deposits with licensed banks	768	737
Cash and bank balances	11,737	15,336
	146,303	131,009
Assets classified as held for sale	7,678	-
Total current assets	153,981	131,009
Total assets	628,362	501,366

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

	Unaudited 31 Oct 2022 RM'000	Audited 31 Oct 2021 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	201,581	201,581
Revaluation reserve	17,950	17,950
Merger deficit	(45,952)	(45,952)
Retained earnings	47,453	65,621
Equity attributable to owners	221,032	239,200
Non-controlling interests	2,748	6,729
Total equity	223,780	245,929
LIABILITIES		
Non-current liabilities		
Provision for restoration costs	10,590	7,560
Bank borrowings	36,900	45,565
Lease liabilities	112,669	58,648
Deferred tax liabilities	5,714	5,117
Loan from a corporate shareholder	2,951	-
Total non-current liabilities	168,824	116,890
Current liabilities		
Trade payables	72,896	31,617
Other payables	62,826	49,477
Provision for restoration costs	2,981	1,538
Contract liabilities	1,440	1,525
Bank borrowings	53,007	25,420
Lease liabilities	42,608	28,970
Total current liabilities	235,758	138,547
Total liabilities	404,582	255,437
Total equity and liabilities	628,362	501,366
Net assets per share (RM)	0.33	0.36

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2022

	← Non-distributable →			Distributable			
	Share Capital RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
As at 1 November 2020	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
As at 31 October 2021	201,581	17,950	(45,952)	65,621	239,200	6,729	245,929
Net loss for the year / Total comprehensive loss for the year	-	-	-	(18,168)	(18,168)	(3,981)	(22,149)
As at 31 October 2022	201,581	17,950	(45,952)	47,453	221,032	2,748	223,780

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2022**

	Cumulative 12 months ended	
	31 Oct 2022	31 Oct 2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(20,989)	(53,434)
Adjustments for:		
Amortisation of intangible asset	416	242
Bad debts written off	-	1
Depreciation of property, plant and equipment	27,334	21,913
Depreciation of right-of-use assets	41,124	34,407
Dividend income from other investments	(1)	(32)
Fair value gain on investment properties	(678)	-
Gain on modification of leases	(154)	(316)
Interest expense	8,809	6,376
Interest income	(204)	(179)
Inventories written off	7,843	3,700
Inventories wastages	13,100	6,182
Net loss on disposal of property, plant and equipment	294	285
Property, plant and equipment written off	2,695	2,877
Rental rebates	(1,400)	(6,386)
Share of (profit)/loss in jointly controlled entity	(668)	744
Operating profit before working capital changes	76,521	16,380
Changes in working capital:		
Inventories	(43,212)	(1,724)
Receivables	1,788	1,562
Payables	54,628	9,778
Jointly controlled entity	(42)	249
Contract assets	2,053	2,021
Contract liabilities	(85)	580
Cash generated from operations	92,651	28,846
Tax refund	7	22
Tax paid	(1,138)	(3,070)
Net cash generated from operating activities	91,520	25,798

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

	Cumulative 12 months ended	
	31 Oct 2022	31 Oct 2021
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible asset	-	(4,156)
Dividend income from other investments	1	32
Interest received	204	179
Proceeds from disposal of property, plant and equipment	215	538
Purchase of property, plant and equipment	(72,003)	(23,467)
Placement of fixed deposits	(34)	(2)
Upliftment of funds in other investments	176	4,737
Capital contribution from non-controlling interests	-	1,225
Net cash used in investing activities	(71,440)	(20,914)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(8,809)	(6,376)
Loan from a corporate shareholder	2,951	-
Payment of lease liabilities	(36,743)	(26,243)
Repayment of bank borrowings	(33,069)	(26,678)
Drawdown of bank borrowings	51,991	30,108
Net cash used in financing activities	(23,679)	(29,189)
CASH AND CASH EQUIVALENTS		
Net decrease in cash and cash equivalents	(3,599)	(24,305)
Cash and cash equivalents at 1 November	15,336	39,641
Cash and cash equivalents at 31 October	11,737	15,336
Reconciliation of cash and cash equivalents:		
Cash and bank balances	11,737	15,336
Fixed Deposits with licensed banks	936	902
	12,673	16,238
Less: Fixed deposits pledged to licensed banks	(168)	(165)
Less: Fixed deposits with maturity more than 3 months	(768)	(737)
	11,737	15,336

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

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

As the post-pandemic economic activities pick up the country faces an acute shortage of manpower which has affected the Group's performance. The shortage in the FPC has been overcome in the middle of current quarter while the retail front is still facing a shortage.

Other than those disclosed above, 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.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 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 also produces ready-to-eat food and bakery products to serve its retail chains.

	Retail RM'000	Manufacturing RM'000	Elimination RM'000	Total RM'000
For the period ended 31 October 2022				
Revenue				
External	641,195	-	(9,862)	631,333
Inter-segment	-	43,250	(43,250)	-
Revenue	641,195	43,250	(53,112)	631,333
Results				
Amortisation of intangible asset	416	-	-	416
Depreciation of property, plant and equipment	25,420	1,914	-	27,334
Depreciation of right-of-use assets	39,865	4,678	(3,419)	41,124
Fair value gain on investment properties	(678)	-	-	(678)
Interest income	(184)	(20)	-	(204)
Interest expense	9,440	2,070	(2,701)	8,809
Loss on disposal of property, plant and equipment	294	-	-	294
Property, plant and equipment written off	2,695	-	-	2,695
Share of results in jointly controlled entity	(668)	-	-	(668)
Loss before tax	(11,265)	(8,124)	(1,600)	(20,989)
Tax	(1,160)	-	-	(1,160)
Loss after tax	(12,425)	(8,124)	(1,600)	(22,149)

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2022 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
A11 SUBSEQUENT MATERIAL EVENTS

On 15 November 2022, the Group entered into a Sale and Purchase Agreement ("SPA"), to dispose a parcel of freehold industrial land known as Lot 1289 (No. 66) Rawang Intergrated Industrial Park, 48000 Rawang, Selangor measuring approximately 5,574 square metres for a consideration of RM8,100,000.

Save as disclosed above, there were no material events subsequent to the current quarter under review and up to the date of this report.

A12 CHANGES IN COMPOSITION OF THE GROUP

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

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

RM'000

Corporate guarantee given to:

- financial institutions in respect of banking and lease facilities granted to subsidiaries	96,694
- landlords for rental of premises	940
	<u>97,634</u>

A14 CAPITAL COMMITMENTS

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

RM'000

Authorised and contracted for:

- Property, plant and equipment	<u>11,560</u>
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A15 PROPERTY, PLANT AND EQUIPMENT

For the twelve (12) months ended 31 October 2022, the Group acquired assets at the cost of RM72.00 million, which comprised principally of construction and set up costs, and purchase of equipment, furniture and fittings for new outlets and outlets revamp.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 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		12 months ended	
	31 Oct 2022 RM'000	31 Oct 2021 RM'000	31 Oct 2022 RM'000	31 Oct 2021 RM'000
Transactions with jointly controlled entity				
Management fees income	109	13	284	40
Warehouse and storage fee	108	108	432	432
Administration fee	2	5	12	26
Transactions with related parties				
Advertising & promotion income	53	111	238	312
Trade purchases	1,529	725	5,308	2,693
Office rental income	3	3	12	12
Medical expenses	-	-	-	5
Royalty and license fees expenses	38	18	125	68
Technical support expenses	72	67	274	273
Staff secondment	63	60	250	238
Purchase of property, plant and equipment	-	-	-	12
Interest expense	27	-	40	-

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 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 October 2022, Mynews recorded a revenue of RM180.60 million which was RM82.74 million or 84.5% higher than the preceding year's corresponding quarter. The number of outlets increased by 67, from 518 to 585. Gross profit increased by 119.0% to RM61.01 million from RM27.86 million, while its margin increased by 5.3% to 33.8% from 28.5% which was mainly contributed by the improvement in sales mix and higher margin of CU business. The improved revenue was principally contributed by the new outlets, longer business hours as well as the improvement in the overall in-store sales as business and social activities in the country were free from pandemic induced restrictions faced during the preceding year.

With the increase in business volume and activities, the administration expenses increased by RM1.46 million (23.6%), from RM6.21 million to RM7.67 million, principally due to the addition of new talents and headcounts. Also, selling and distribution expenses increased from RM22.85 million to RM35.59 million, which was an increase of RM12.74 million or 55.7%. Meanwhile, other expenses increased by RM1.44 million or 9.7% from RM14.79 million to RM16.23 million. The increase was mainly due to the increase in depreciation of property, plant and equipment and depreciation of right-of-use assets of RM3.12 million, which was partially offset by the decrease in property, plant and equipment written-off of RM1.66 million. Finance costs increased by RM1.04 million or 67.0%, from RM1.55 million to RM2.58 million. This was mainly attributed to the increase in interest expense on lease liabilities from RM0.96 million to RM1.64 million and the increase in cost of borrowing caused by interest hike.

In summary, at a profit before taxation of RM1.50 million, Mynews fourth quarter 2022 performance has improved significantly, by 109.6%, over the RM15.55 million loss of the corresponding quarter of year 2021, against the backdrop of the expected gestation period of new CU business, and the opening of more than 100 new stores that has crimped the bottom line. The increase in retail sales positively benefited the FPC's performance, which resulted in a reduction of the loss from RM3.47 million to RM1.72 million. The jointly controlled entity, WH Smith, brought in a share of profit of RM0.50 million in the current quarter as compared to RM0.06 million in the preceding year quarter. The improvement was due to the opening of international borders and lifting of travel restrictions beginning from April 2022.

The improved quarterly performance translated to the earnings before interest, tax, depreciation (inclusive the depreciation of right-of-use assets) and amortization (EBITDA) of RM21.00 million as compared to a negative EBITDA of RM0.21 million in the preceding year corresponding quarter.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2022 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B1 REVIEW OF PERFORMANCE (Cont'd)
Review of Twelve-month Period Performance

For the same reasons mentioned in the above quarterly review, revenue for the year ended 31 October 2022 increased by RM236.96 million or 60.1% to RM631.33 million from RM394.37 million of the preceding year's. The average GP margin was also higher by 3.2%, from 30.5% to 33.7%.

There was a decrease in other income by RM1.52 million as the pandemic related contribution by the government's Wage Subsidy Programme of RM2.80 million in financial year 2021 was no longer given in 2022. However, this amount was partially offset by the government's Hiring Incentive Programme, and the fair value gain on investment property resulting in the lesser net decrease in other income. With the increase in business activities and volume of business, administration expenses increased by RM3.94 million or 13.5%, from RM29.11 million to RM33.04 million, principally due to the addition of human resources. Selling and distribution expenses increased by RM41.12 million or 48.2% in correspondence with the increase in business. Other expenses increased by RM12.16 million or 21.4%, from RM56.76 million to RM68.92 million, mainly due to the increase in depreciation of property, plant and equipment of RM5.37 million and depreciation of right-of-use assets of RM6.71 million. Finance costs increased by RM2.43 million or 38.2%, from RM6.38 million to RM8.81 million, mainly due to the increase in interest expense on lease liabilities from RM4.11 million to RM5.68 million. The jointly controlled entity, WH Smith, for the first year since pandemic hit our shore, brought in a share of profit of RM0.67 million in the current year as compared to share of loss of RM0.74 million in the preceding year.

In summary, Mynews full year results were affected by Covid-19 pandemic related restrictions in first half of financial year as Malaysia gradually transitioned to an endemic phase of Covid-19 from 1 April 2022, and the gestation process of the new CU business.

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 RM180.60 million improved by RM10.40 million or 6.1% as compared to that of the immediately preceding quarter of RM170.20 million. Gross profit increased by RM0.46 million or 0.8% while the average gross profit margin decreased to 33.8% from 35.6%. This decrease in margin is attributed to the aggressive advertising and promotion.

There was an increase in other income by RM1.80 million, mainly contributed by the government's Hiring Incentive Programme and the fair value gain on investment properties. The current quarter's administration expenses decreased by RM0.36 million or 4.5%, as compared to RM8.03 million in the immediately preceding quarter. This improvement was a result of the ongoing cost control measures. The selling and distribution expenses increased by RM2.11 million or 6.3%, from RM33.47 million to RM35.59 million, mainly attributed to the expanded CU network from 111 to 125 outlets as at the end of the current quarter. Other expenses decreased by RM3.54 million or 17.9%, from RM19.77 million to RM16.23 million mainly due to a one off positive adjustment of depreciation of property, plant and equipment and lower property, plant and equipment written off. Finance costs increased by RM0.30 million or 12.9%, from RM2.29 million to RM2.58 million. This was mainly attributed to the increase in interest expense on lease liabilities from RM1.49 million to RM1.64 million.

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

Profit before taxation for the current quarter increased by RM3.83 million or 164.0% to RM1.50 million as compared to a loss before taxation in the immediately preceding quarter of RM2.34 million. The increase in retail revenue and gross profit was offset by the costs incurred in the recruitment of a new batch of headcounts in line with the reopening of the economy and the relaxing of hiring restrictions of foreign workers.

Earnings before interest, tax, depreciation (inclusive the depreciation of right-of-use assets) and amortisation (EBITDA) increased by 7.4% to RM21.00 million in current quarter from RM19.55 million in the immediately preceding quarter.

B3 PROSPECTS

Currently, the group has a total number of 609 outlets, made up of 464 myNEWS, 128 CU and 17 WHSmith. The growth of new stores will continue or be carefully moderated. We expect the sales performance to improve from quarter to quarter driven by the store network growth and the ongoing effort to improve the in-store sales.

The continuing improvement in sales at the retail front is helping to elevate the demand for ready-to-eat food and thus the increase in production volume of the FPC. The past problem of acute labour shortage in the FPC is resolved during the current quarter and we are looking forward to increase the production volume gradually as the new line workers are being trained.

Barring any unforeseen circumstances, we anticipate a continuing improvement in the overall group performance that will be brought about by reasons mentioned above.

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.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2022 (Cont'd)

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

B5 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Oct 2022	31 Oct 2021	31 Oct 2022	31 Oct 2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging:				
Amortisation of intangible asset	104	103	416	242
Bad debt written off	-	1	-	1
Depreciation of property, plant and equipment	4,409	5,221	27,334	21,913
Depreciation of right-of-use assets	12,411	8,476	41,124	34,407
Property, plant and equipment written off	62	1,720	2,695	2,877
Interest expense	2,582	1,546	8,809	6,376
Net (gain)/loss on disposal of property, plant and equipment	(63)	12	294	285
And after crediting:				
Interest Income	(67)	(63)	(204)	(179)
Dividend income from other investments	-	(1)	(1)	(32)
Fair value gain on investment properties	(678)	-	(678)	-

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

B6 TAX EXPENSE/(INCOME)

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 Oct 2022	31 Oct 2021	31 Oct 2022	31 Oct 2021
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Provision for current period	370	(187)	565	1,096
Under/(Over) provision in prior year	1	(216)	(2)	(208)
Deferred tax:				
Provision for current period	600	(4,003)	600	(4,003)
Overprovision in prior year	(2)	(343)	(3)	(348)
Total tax expense	969	(4,749)	1,160	(3,463)

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 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 are no announced corporate proposals that are not completed during the period under review, other than disclosed below:

The Company had on 3 October 2022 announced that the Company terminated the existing Employees' Share Option Scheme ("ESOS") as there is no options granted nor exercised since the effective commencement date of ESOS dated 21 December 2017.

B8 BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 October 2022 are as follows:

	Unaudited As at 31 Oct 2022 RM'000	Audited As at 31 Oct 2021 RM'000
Short term borrowings – Secured		
Term loans	2,170	2,157
Revolving credit	34,021	13,455
Supplier financing	9,757	9,808
Banker acceptance	7,059	-
	<u>53,007</u>	<u>25,420</u>
Long term borrowings – Secured		
Term loans	22,641	24,799
Revolving credit	14,259	20,766
	<u>36,900</u>	<u>45,565</u>
Total borrowings – Secured		
Term loans	24,811	26,956
Revolving credit	48,280	34,221
Supplier financing	9,757	9,808
Banker acceptance	7,059	-
	<u>89,907</u>	<u>70,985</u>

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

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2022 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B9 MATERIAL LITIGATION

There was no material litigation against the Group as at the reporting date save and except for a recent case involving an outlet rental dispute with the landlord, which the Group has made the announcements on 6 October 2022 as follows:

- On 6 October 2022, the Group announced that its wholly owned subsidiary, Mynews Retail Sdn. Bhd. ("Mynews Retail" or "Tenant") had on 5 October 2022 received a Winding-Up Petition presented on 28 September 2022, with hearing date scheduled on 8 February 2023 in the Shah Alam High Court ("the Case") by Kumpulan Hamzah Kwong Hing Realty Sdn. Bhd. ("the Petitioner" or "Landlord") via its solicitors.
- On 18 October 2022, the Group announced that its wholly owned subsidiary, Mynews Retail Sdn. Bhd. ("Mynews Retail" or "Tenant"), the winding up petition was heard by the Judge Dato' Azmi bin Ariffin in the Shah Alam High Court on 18 October 2022. The Petitioner informed the Court that they intend to withdraw their winding up petition as the indebted amount had been paid. The Respondent's solicitors, Messrs Tay & Partners, informed the Court that the alleged indebted amount was paid under protest.

Upon hearing the parties, the Court ordered that the winding up petition to be withdrawn with no order as to costs.

B10 DIVIDEND

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

B11 EARNINGS PER SHARE

	Current Quarter		Cumulative Quarters	
	3 months ended		12 months ended	
	31 Oct	31 Oct	31 Oct	31 Oct
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to owners of the Company (RM'000)	1,368	(9,032)	(18,168)	(43,209)
Number of ordinary shares in issue ('000)	682,154	682,154	682,154	682,154
Basic Earnings/(Loss) per share (sen)	0.20	(1.32)	(2.66)	(6.33)

The basic earnings/(loss) per share is computed based on the profit/(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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