

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 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 FOURTH QUARTER ENDED 31 OCTOBER 2021
i) Current quarter and financial year to date

	Current Quarter 3 months ended				Cumulative Quarters 12 months ended			
	31 Oct 2021 RM'000	31 Oct 2020 RM'000	Changes Fav/(Unfav) RM'000	%	31 Oct 2021 RM'000	31 Oct 2020 RM'000	Changes Fav/(Unfav) RM'000	%
Revenue	104,084	115,228	(11,144)	(9.7)	400,587	489,391	(88,804)	(18.1)
Cost of sales	(74,674)	(78,947)	4,273	5.4	(278,578)	(329,588)	50,554	15.5
Gross profit	29,410	36,281	(6,871)	(18.9)	122,009	159,803	(37,794)	(23.7)
Other income	1,719	527	1,192	226.2	4,240	2,601	1,639	63.1
Administration expenses	(7,938)	(5,997)	(1,941)	(32.4)	(30,836)	(27,087)	(3,749)	(13.8)
Selling and distribution expenses	(22,642)	(20,012)	(2,630)	(13.1)	(85,145)	(87,735)	2,590	3.0
Other expenses	(14,902)	(15,912)	1,010	6.3	(56,873)	(55,116)	(1,757)	(3.2)
Finance costs	(1,546)	(1,677)	131	7.8	(6,376)	(5,197)	(1,179)	(22.7)
Share of profit/(loss) in jointly controlled entity	55	(1,094)	1,149	105.0	(744)	(1,367)	623	45.6
Loss before tax	(15,844)	(7,884)	(7,960)	(101.0)	(53,725)	(14,098)	(39,627)	(281.1)
Tax expense	5,256	(14)	5,270	37,642.9	3,970	(1,802)	5,772	320.3
Net Loss for the period	(10,588)	(7,898)	(2,690)	(34.1)	(49,755)	(15,900)	(33,855)	(212.9)
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 loss	(2,030)	(7,898)	5,868	74.3	(41,197)	(15,900)	(25,297)	(159.1)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED
31 OCTOBER 2021 (Cont'd)**
i) Current quarter and financial year to date (Cont'd)

	Current Quarter				Cumulative Quarters			
	3 months ended		Changes		12 months ended		Changes	
	31 Oct 2021 RM'000	31 Oct 2020 RM'000	Fav/(Unfav) RM'000	%	31 Oct 2021 RM'000	31 Oct 2020 RM'000	Fav/(Unfav) RM'000	%
Net loss attributable to:								
Owners of the Company	(8,889)	(5,773)	(3,116)	(54.0)	(43,066)	(9,842)	(33,224)	(337.6)
Non-controlling interest	(1,699)	(2,125)	426	20.0	(6,689)	(6,058)	(631)	(10.4)
	<u>(10,588)</u>	<u>(7,898)</u>	<u>(2,690)</u>	<u>(34.1)</u>	<u>(49,755)</u>	<u>(15,900)</u>	<u>(33,855)</u>	<u>(212.9)</u>
Total comprehensive loss attributable to:								
Owners of the Company	(331)	(5,773)	5,442	94.3	(34,508)	(9,842)	(24,666)	(250.6)
Non-controlling interest	(1,699)	(2,125)	426	20.0	(6,689)	(6,058)	(631)	(10.4)
	<u>(2,030)</u>	<u>(7,898)</u>	<u>5,868</u>	<u>74.3</u>	<u>(41,197)</u>	<u>(15,900)</u>	<u>(25,297)</u>	<u>(159.1)</u>
Basic Loss per ordinary share (sen) (Note B11)	<u>(1.30)</u>	<u>(0.85)</u>			<u>(6.31)</u>	<u>(1.44)</u>		

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

	Current Quarter 31 Oct 2021	Immediately Preceding Quarter 31 July 2021	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
Revenue	104,084	93,887	10,197	10.9
Cost of sales	(74,674)	(65,773)	(8,901)	(13.5)
Gross profit	29,410	28,114	1,296	4.6
Other income	1,719	1,988	(269)	(13.5)
Administration expenses	(7,938)	(7,947)	9	0.1
Selling and distribution expenses	(22,642)	(21,900)	(742)	(3.4)
Other expenses	(14,902)	(14,375)	(527)	(3.7)
Finance costs	(1,546)	(1,634)	88	5.4
Share of profit/(loss) in jointly controlled entity	55	(545)	600	110.1
Loss before tax	(15,844)	(16,299)	455	2.8
Tax expense	5,256	(413)	5,669	1,372.6
Loss after tax for the period	(10,588)	(16,712)	6,124	36.6
Other comprehensive income:				
Revaluation surplus on land and buildings, net of tax	8,558	-	8,558	100.0
Total comprehensive loss	(2,030)	(16,712)	14,682	87.9
Loss attributable to:				
Owners of the Company	(8,889)	(14,917)	6,028	40.4
Non-controlling interest	(1,699)	(1,795)	96	5.3
	(10,588)	(16,712)	6,124	36.6
Total comprehensive loss attributable to:				
Owners of the Company	(331)	(14,917)	14,586	97.8
Non-controlling interest	(1,699)	(1,795)	96	5.3
	(2,030)	(16,712)	14,682	87.9
Loss per ordinary share (sen)	(1.30)	(2.19)		

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

	Unaudited 31 Oct 2021	Audited 31 Oct 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	207,266	210,183
Right-of-use assets	145,493	128,284
Intangible asset	3,914	-
Investment properties	12,110	12,110
Investment in jointly controlled entity	6,039	6,783
Deferred tax assets	837	837
Fixed deposits with licensed banks	165	163
Total non-current assets	375,824	358,360
Current assets		
Inventories	58,778	66,936
Contract assets	12,990	15,011
Trade receivables	1,385	5,945
Other receivables	35,842	32,927
Amount due from jointly controlled entity	45	287
Tax recoverable	5,645	3,823
Other investments	176	4,913
Fixed Deposits with licensed banks	737	1,308
Cash and bank balances	15,336	39,070
Total current assets	130,934	170,220
Total assets	506,758	528,580

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

	Unaudited 31 Oct 2021 RM'000	Audited 31 Oct 2020 RM'000
EQUITY AND LIABILITIES		
Equity		
Share capital	201,581	201,581
Revaluation reserve	17,950	9,392
Merger deficit	(45,952)	(45,952)
Retained earnings	65,764	108,830
Equity attributable to owners	239,343	273,851
Non-controlling interests	6,802	12,266
Total equity	246,145	286,117
LIABILITIES		
Non-current liabilities		
Provision for restoration costs	7,675	2,175
Bank borrowings	45,565	49,193
Lease liabilities	63,518	56,929
Deferred tax liabilities	5,042	6,766
Total non-current liabilities	121,800	115,063
Current liabilities		
Trade payables	31,675	34,935
Other payables	49,477	40,001
Provision for restoration costs	1,538	265
Contract liabilities	1,525	945
Bank borrowings	25,420	18,362
Lease liabilities	29,178	32,555
Tax payable	-	337
Total current liabilities	138,813	127,400
Total liabilities	260,613	242,463
Total equity and liabilities	506,758	528,580
Net assets per share (RM)	0.36	0.42

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 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		
As at 1 November 2019	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)
As at 31 October 2020	201,581	9,392	(45,952)	108,830	273,851	12,266	286,117
Net loss for the year	-	-	-	(43,066)	(43,066)	(6,689)	(49,755)
Other comprehensive income for the year	-	8,558	-	-	8,558	-	8,558
Total comprehensive income/(loss) for the year	-	8,558	-	(43,066)	(34,508)	(6,689)	(41,197)
Capital contribution from non-controlling interests	-	-	-	-	-	1,225	1,225
As at 31 October 2021	201,581	17,950	(45,952)	65,764	239,343	6,802	246,145

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2021**

	Cumulative 12 months ended	
	31 Oct 2021 RM'000	31 Oct 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(53,725)	(14,098)
Adjustments for:		
Amortisation of intangible asset	242	-
Bad debts written off	1	440
Depreciation of property, plant and equipment	22,024	19,298
Depreciation of right-of-use assets	34,387	35,604
Dividend income from other investments	(32)	(277)
(Gain)/Loss on modification of leases	(86)	184
Interest expense	6,376	5,197
Interest income	(179)	(251)
Inventories written off and wastages	9,939	7,959
Net loss on disposal of property, plant and equipment	285	246
Fair value gain on other investment	-	(2)
Fair value loss on investment properties	-	30
Property, plant and equipment written off	2,877	2,346
Rental rebates	(6,360)	(2,166)
Share of loss in jointly controlled entity	744	1,367
Operating profit before working capital changes	16,494	55,877
Changes in working capital:		
Inventories	(1,785)	(12,809)
Receivables	1,645	7,622
Payables	4,584	(296)
Jointly controlled entity	242	25
Contract assets	2,021	(4,408)
Contract liabilities	580	423
Cash generated from operations	23,781	46,434
Tax refund	22	94
Tax paid	(3,069)	(5,964)
Net cash generated from operating activities	20,734	40,564

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

	Cumulative 12 months ended	
	31 Oct 2021 RM'000	31 Oct 2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible asset	(4,156)	-
Dividend income from other investments	32	277
Dividend received from jointly controlled entity	-	1,350
Interest received	179	251
Proceeds from disposal of property, plant and equipment	538	2,167
Proceeds from disposal of other investments	4,737	13,390
Purchase of property, plant and equipment	(18,302)	(36,779)
Placement of fixed deposits	(5)	-
Upliftment of fixed deposits	2	13
Capital contribution from non-controlling interests	1,225	-
Net cash used in investing activities	(15,750)	(19,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(6,376)	(5,197)
Payment of lease liabilities	(26,343)	(32,127)
Repayment of bank borrowings	(26,678)	(15,154)
Drawdown of bank borrowings	30,108	56,650
Net cash (used in)/generated from financing activities	(29,289)	4,172
CASH AND CASH EQUIVALENTS		
Net (decrease)/increase in cash and cash equivalents	(24,305)	25,405
Cash and cash equivalents at 1 November	39,641	14,236
Cash and cash equivalents at 31 October	15,336	39,641
Reconciliation of cash and cash equivalents		
Cash and bank balances	15,336	39,070
Fixed Deposits with licensed banks	902	1,471
	16,238	40,541
Less: Fixed deposits pledged to licensed banks	(165)	(163)
Less: Fixed deposits with maturity more than 3 months	(737)	(737)
	15,336	39,641

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

On 1 June 2021, the government imposed a total lockdown to control the Covid-19 pandemic. On 15 June the government implemented a four-phase National Recovery Program (NRP), where Phase 1 is similar to a total lockdown launched on 1 June. Phase 1 fully ended on the 1 October as the last remaining state under this phase moved to Phase 2.

In October 2021, which is the last month of the current quarter, the government began to ease the strict restrictions. On 11 October interstate and international travel restrictions for fully vaccinated residents were lifted. On 15 October, higher learning institutions were allowed to reopen and on 31 October schools in Kedah and Kelantan were allowed to reopen.

In the current quarter the Group was operating two out of three months under a total lockdown environment. Upon relaxation of the lockdown in October, we were able to increase our in-store sales and new outlets count.

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 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
For the period ended 31 October 2021				
Revenue				
External	416,704	-	(16,117)	400,587
Inter-segment	-	14,774	(14,774)	-
Revenue	416,704	14,774	(30,891)	400,587
Results				
Amortisation of intangible asset	242	-	-	242
Depreciation of property, plant and equipment	20,178	1,846	-	22,024
Depreciation of right-of-use assets	33,052	4,650	(3,315)	34,387
Interest income	(157)	(22)	-	(179)
Interest expense	6,139	2,113	(1,876)	6,376
Loss on disposal of property, plant and equipment	285	-	-	285
Property, plant and equipment written off	2,877	-	-	2,877
Share of results in jointly controlled entity	744	-	-	744
Loss before tax	(38,230)	(13,664)	(1,831)	(53,725)
Tax	3,956	14	-	3,970
Loss after tax	(34,274)	(13,650)	(1,831)	(49,755)

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 FOURTH QUARTER ENDED 31 OCTOBER 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 October 2021.

RM'000

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

80,459

A14 CAPITAL COMMITMENTS

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

RM'000

Authorised and contracted for:

- Property, plant and equipment

37,229

A15 PROPERTY, PLANT AND EQUIPMENT

For the twelve (12) months ended 31 October 2021, the Group acquired assets at the cost of RM18.30 million, which comprised principally of set up costs and purchase of equipment and furniture for new outlets and outlets revamp.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2021 (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 2021 RM'000	31 Oct 2020 RM'000	31 Oct 2021 RM'000	31 Oct 2020 RM'000
Transactions with jointly controlled entity				
Management fees income	13	19	40	327
Warehouse and storage fee	108	108	432	432
Administration fee	5	9	26	38
Transactions with related parties				
Advertising & promotion income	111	-	312	-
Trade purchases	725	307	2,693	2,933
Hostel rental expense	-	-	-	3
Office rental income	3	3	12	12
Consultancy fee expenses	-	78	-	166
Medical expenses	-	12	5	71
Royalty and license fees expenses	18	19	68	69
Technical support expenses	67	48	273	119
Staff secondment	60	78	238	300
Purchase of property, plant and equipment	-	6	12	19
Upkeep expenses	-	-	-	9
Sale of motor vehicle to a Director	-	-	-	86

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 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 current quarter ended 31 October 2021, Mynews recorded a revenue of RM104.08 million which was RM11.14 million or 9.7% lower than the preceding year corresponding quarter. As a result, gross profit decreased by 18.9% from RM36.28 million to RM29.41 million while the gross profit margin decreased from 31.5% to 28.3%. There was an increase in other income by RM1.19 million, mainly contributed by the government's Wage Subsidy Programme. The administration expenses increased by RM1.94 million or 32.4% to RM7.94 million. This was attributed to continuing addition of new talents for CU and new headcounts for myNEWS as the Group was preparing for a recovery with the improving situation of the pandemic and market condition.

The current quarter's selling and distribution expenses is higher by RM2.63 million (13.1%) from RM20.01 million to RM22.64 million as a result of more myNEWS outlets operating as compared to the preceding year's quarter as well as the aggressive launch of CU brand. For the current quarter there was also an increase in the volume of cashless transactions resulting in a higher charge of RM0.6 million being incurred. Other expenses decreased by RM1.01 million or 6.3%, from RM15.91 million to RM14.90 million. The decrease was mainly due to the decrease in depreciation of right-of-use assets. For finance costs, the amount decreased slightly by RM0.13 million or 7.8%, from RM1.68 million to RM1.55 million. The decrease was mainly due to the decrease in interest expense on lease liabilities.

In summary, at a loss before taxation of RM15.84 million, Mynews fourth quarter 2021 performance was mainly affected by the ongoing Covid-19 pandemic and the long period of full lockdown. With the weak retail sales, the FPC's performance which is dependent on the retail sales continued to be affected causing it to incur a loss of RM3.47 million in the current quarter. However, the jointly controlled entity, WH Smith, brought in a share of profit of RM0.05 million in the current quarter as compared to a loss of RM1.09 million in the preceding year quarter. The profit in jointly controlled entity was mainly helped by the cumulative rental rebates received.

During the current quarter, there was recognition of revaluation surplus, net of deferred tax, amounting to RM8.56 million arose from the changes in fair value of land and buildings.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2021 (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-months period performance**

Revenue for the year ended 31 October 2021 was RM400.59 million, decreased by RM88.80 million or 18.1%, in comparison with last year's revenue of RM489.39 million. Comparatively, in the preceding year, 227 trading days were caught within and affected by MCO (18 March 2020 to 31 October 2020) whereas all the 365 trading days of the current year were affected by the stunted business environment that the pandemic caused. The average GP margin was also lower by 2.2%, from 32.7% to 30.5%, due to the change in the sales mix, price discounts offered to promote and drive the sales, and higher inventories and wastages written off due to the difficulty in managing the stock level, especially the short self-life products, under the fluid business condition.

There was an increase in other income by RM1.66 million, mainly contributed by the government's Wage Subsidy Programme. Administration expenses increased by RM3.75 million or 13.8%, from RM27.09 million to RM30.84 million, principally due to the cost of establishing and launching the new CU project, the cost of technical knowledge transfer in operating the new brand, addition of new talents for CU, new headcounts for myNEWS to fill the previously trimmed workforce, and the costs of marketing and promoting of the products and brands. Selling and distribution expenses decreased by RM2.59 million or 3.0%. This was generally due to the decrease in the average number of operating outlets from 526 to 518 and the reduction in overtime costs of RM3.21 million due to the shorter operating hours in compliance with the government regulated SOP. Other expenses increased by RM1.76 million or 3.2%, from RM55.12 million to RM56.87 million. The higher other expenses were mainly due to the increase in depreciation of property, plant and equipment of RM2.73 million, which was partially offset by the decrease in depreciation of right-of-use assets of RM1.22 million. Finance costs increased by RM1.18 million or 22.7%, from RM5.20 million to RM6.38 million, mainly due to the increase in term loan interest from RM0.06 million to RM1.03 million. The Group's jointly controlled entity suffered a loss during the financial year, causing a share of loss in jointly controlled entity of RM0.74 million, attributed to the restriction faced in both inbound and outbound international travels.

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

With the relaxation of control under the National Recovery Plan (NRP) towards the tail end of the quarter, revenue for the current quarter of RM104.08 million improved by RM10.20 million or 10.9% as compared to the immediately preceding quarter of RM93.89 million. Gross profit increased by RM1.30 million or 4.6%, but the average gross profit margin decreased to 28.3% from 29.9% in the immediately preceding quarter. This decrease is mainly attributed to the change in product mix favouring the lower margin products.

During the current quarter, there was a decrease in other income by RM0.27 million or 13.5%, as compared to the immediately preceding quarter of RM1.99 million due to the decrease in wages subsidy from government. As for selling and distribution expenses, the amount increased by RM0.74 million or 3.4%, from RM21.90 million to RM22.64 million. This increase was mainly attributed to more CU outlets in the current quarter. Other expenses decreased by RM0.53 million or 3.7%, from RM14.38 million to RM14.90 million. The increase was mainly due to the increase in depreciation of property, plant and equipment.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 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 RM15.84 million for the current quarter as compared to the immediately preceding quarter of RM16.30 million. In addition to the decrease in gross profit margin, the other contributing factors to the loss include the additional costs incurred in establishing and promoting the new CU business as new stores were launched in new states while the business was still undergoing a period of gestation since the first store was launched barely half a year ago.

During the current quarter, there was recognition of revaluation surplus, net of deferred tax, amounting to RM8.56 million arose from the changes in fair value of land and buildings.

B3 PROSPECTS

The Group experienced an improvement in October when the government began to relax the restrictions. In addition to the improvement in in-store sales, the Group managed to increase the number of CU stores from five (5) as at 1 Oct to twenty one (21) as at 31 Oct. There are seven (7) myNEWS SUPERVALUE stores as at 31 October. The utilisation rate of the FPC also increased concurrently with the improving retail sales.

The Group will continue to:

1. Grow the number of CU stores steadily;
2. Grow the number of myNEWS SUPERVALUE and myNEWS CVS stores; and
3. Expand the omnichannel sales by working closely with strong partners to deliver on demand seamlessly.

The Group is hopeful for a continuing business improvement barring any disruption from any unforeseen circumstances especially the new wave of Covid-19. With the strong measures already put in place as a result of the Group's re-positioning initiatives, we look forward to be back on track to regain our lost business and continue to improve thereafter.

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.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2021 (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 2021 RM'000	31 Oct 2020 RM'000	31 Oct 2021 RM'000	31 Oct 2020 RM'000
Loss before tax is arrived at after charging:				
Amortisation of intangible asset	103	-	242	-
Bad debts written off	1	-	1	440
Depreciation of property, plant and equipment	5,332	4,809	22,024	19,298
Depreciation of right-of-use assets	8,456	10,184	34,387	35,604
Property, plant and equipment written off	1,720	1,715	2,877	2,346
Interest expense	1,546	1,677	6,376	5,197
Net loss on disposal of property, plant and equipment	12	85	285	246
And after crediting:				
Interest Income	(63)	(17)	(179)	(251)
Dividend income from other investments	(1)	(27)	(32)	(277)

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

B6 TAX EXPENSE

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 Oct 2021 RM'000	31 Oct 2020 RM'000	31 Oct 2021 RM'000	31 Oct 2020 RM'000
Current tax:				
Provision for current period	(187)	(684)	1,096	811
(Over)/Under provision in prior year	(216)	289	(208)	263
Deferred tax:				
Provision for current period	(4,510)	409	(4,510)	976
Overprovision in prior year	(343)	-	(348)	(248)
Total tax expense	(5,256)	14	(3,970)	1,802

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2021 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B7 STATUS OF CORPORATE PROPOSAL

There was no corporate proposal during the period under review.

B8 BORROWINGS AND DEBT SECURITIES

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

	Unaudited As at 31 Oct 2021 RM'000	Audited As at 31 Oct 2020 RM'000
Short term borrowings – Secured		
Term loans	2,157	1,369
Revolving credit	13,455	16,993
Supplier Financing	9,808	-
	<u>25,420</u>	<u>18,362</u>
Long term borrowings – Secured		
Term loans	24,799	26,869
Revolving credit	20,766	22,324
	<u>45,565</u>	<u>49,193</u>
Total borrowings – Secured		
Term loans	26,956	28,238
Revolving credit	34,221	39,317
Supplier Financing	9,808	-
	<u>70,985</u>	<u>67,555</u>

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

B9 MATERIAL LITIGATION

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

B10 DIVIDEND

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 OCTOBER 2021 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B11 EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarters 12 months ended	
	31 Oct 2021	31 Oct 2020	31 Oct 2021	31 Oct 2020
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the Company (RM'000)	(8,889)	(5,773)	(43,066)	(9,842)
Number of ordinary shares in issue ('000)	<u>682,154</u>	<u>682,154</u>	<u>682,154</u>	<u>682,154</u>
Basic Loss per share (sen)	<u>(1.30)</u>	<u>(0.85)</u>	<u>(6.31)</u>	<u>(1.44)</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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