

The Board of Directors of Mynews Holdings Berhad wishes to present the unaudited interim financial report of Mynews Holdings Berhad and its subsidiaries ("Mynews" or "the Group") for the third quarter ended 31 July 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 THIRD QUARTER ENDED 31 JULY 2022
i) Current quarter and financial year to date

	Current Quarter 3 months ended				Cumulative Quarters 9 months ended			
	31 July 2022 RM'000	31 July 2021 RM'000	Changes Fav/(Unfav) RM'000	%	31 July 2022 RM'000	31 July 2021 RM'000	Changes Fav/(Unfav) RM'000	%
Revenue	170,200	93,887	76,313	81.3	450,732	296,503	154,229	52.0
Cost of sales	(109,647)	(65,773)	(43,874)	(66.7)	(299,084)	(203,904)	(95,180)	(46.7)
Gross profit	60,553	28,114	32,439	115.4	151,648	92,599	59,049	63.8
Other income	249	1,988	(1,739)	(87.5)	884	2,521	(1,637)	(64.9)
Administration expenses	(8,032)	(7,947)	(85)	(1.1)	(25,372)	(22,898)	(2,474)	(10.8)
Selling and distribution expenses	(33,472)	(21,900)	(11,572)	(52.8)	(90,889)	(62,503)	(28,386)	(45.4)
Other expenses	(19,772)	(14,375)	(5,397)	(37.5)	(52,694)	(41,971)	(10,723)	(25.5)
Finance costs	(2,286)	(1,634)	(652)	(39.9)	(6,227)	(4,830)	(1,397)	(28.9)
Share of profit/(loss) in jointly controlled entity	422	(545)	967	177.4	165	(799)	964	120.7
Loss before tax	(2,338)	(16,299)	13,961	85.7	(22,485)	(37,881)	15,396	40.6
Tax expense	(60)	(413)	353	85.5	(191)	(1,286)	1,095	85.1
Net Loss for the period	<u>(2,398)</u>	<u>(16,712)</u>	<u>14,314</u>	85.7	<u>(22,676)</u>	<u>(39,167)</u>	<u>16,491</u>	42.1
Net loss attributable to:								
Owners of the Company	(1,454)	(14,917)	13,463	90.3	(19,536)	(34,177)	14,641	42.8
Non-controlling interest	(944)	(1,795)	851	47.4	(3,140)	(4,990)	1,850	37.1
	<u>(2,398)</u>	<u>(16,712)</u>	<u>14,314</u>	85.7	<u>(22,676)</u>	<u>(39,167)</u>	<u>16,491</u>	42.1
Total comprehensive loss attributable to:								
Owners of the Company	(1,454)	(14,917)	13,463	90.3	(19,536)	(34,177)	14,641	42.8
Non-controlling interest	(944)	(1,795)	851	47.4	(3,140)	(4,990)	1,850	37.1
	<u>(2,398)</u>	<u>(16,712)</u>	<u>14,314</u>	85.7	<u>(22,676)</u>	<u>(39,167)</u>	<u>16,491</u>	42.1
Basic Loss per ordinary share (sen) (Note B11)	<u>(0.21)</u>	<u>(2.19)</u>			<u>(2.86)</u>	<u>(5.01)</u>		

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

	Current Quarter 31 July 2022	Immediately Preceding Quarter 30 Apr 2022	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
Revenue	170,200	141,095	29,105	20.6
Cost of sales	(109,647)	(93,239)	(16,408)	(17.6)
Gross profit	60,553	47,856	12,697	26.5
Other income	249	277	(28)	(10.1)
Administration expenses	(8,032)	(8,966)	934	10.4
Selling and distribution expenses	(33,472)	(30,263)	(3,209)	(10.6)
Other expenses	(19,772)	(17,647)	(2,125)	(12.0)
Finance costs	(2,286)	(2,303)	17	0.7
Share of profit/(loss) in jointly controlled entity	422	(329)	751	228.3
Loss before tax	(2,338)	(11,375)	9,037	79.4
Tax expense	(60)	(65)	5	7.7
Loss after tax for the period	(2,398)	(11,440)	9,042	79.0
Loss attributable to:				
Owners of the Company	(1,454)	(10,223)	8,769	85.8
Non-controlling interest	(944)	(1,217)	273	22.4
	(2,398)	(11,440)	9,042	79.0
Total comprehensive loss attributable to:				
Owners of the Company	(1,454)	(10,223)	8,769	85.8
Non-controlling interest	(944)	(1,217)	273	22.4
	(2,398)	(11,440)	9,042	79.0
Loss per ordinary share (sen)	(0.21)	(1.50)		

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

	Unaudited 31 July 2022	Audited 31 Oct 2021
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	247,257	206,834
Right-of-use assets	205,351	140,458
Intangible asset	3,602	3,914
Investment properties	12,110	12,110
Investment in jointly controlled entity	6,204	6,039
Deferred tax assets	837	837
Fixed deposits with licensed banks	167	165
Total non-current assets	475,528	370,357
Current assets		
Inventories	71,902	58,778
Contract assets	10,964	12,990
Trade receivables	988	1,393
Other receivables	32,882	35,916
Amount due from jointly controlled entity	78	38
Tax recoverable	6,451	5,645
Other investments	-	176
Fixed Deposits with licensed banks	755	737
Cash and bank balances	11,393	15,336
Total current assets	135,413	131,009
Total assets	610,941	501,366

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

	Unaudited 31 July 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	46,085	65,621
Equity attributable to owners	219,664	239,200
Non-controlling interests	3,589	6,729
Total equity	223,253	245,929
LIABILITIES		
Non-current liabilities		
Provision for restoration costs	10,240	7,560
Bank borrowings	39,703	45,565
Lease liabilities	126,946	58,648
Deferred tax liabilities	5,116	5,117
Total non-current liabilities	182,005	116,890
Current liabilities		
Trade payables	60,653	31,617
Other payables	74,622	49,477
Provision for restoration costs	325	1,538
Contract liabilities	1,699	1,525
Bank borrowings	44,710	25,420
Lease liabilities	23,674	28,970
Total current liabilities	205,683	138,547
Total liabilities	387,688	255,437
Total equity and liabilities	610,941	501,366
Net assets per share (RM)	0.33	0.36

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 JULY 2022**

	← Non-distributable →			Distributable		Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Revaluation Reserve RM'000	Merger Deficit RM'000	Retained Earnings RM'000	Total RM'000		
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 period / Total comprehensive loss for the period	-	-	-	(19,536)	(19,536)	(3,140)	(22,676)
As at 31 July 2022	201,581	17,950	(45,952)	46,085	219,664	3,589	223,253

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 JULY 2022**

	Cumulative 9 months ended	
	31 July 2022 RM'000	31 July 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(22,485)	(37,881)
Adjustments for:		
Amortisation of intangible asset	312	139
Depreciation of property, plant and equipment	22,925	16,692
Depreciation of right-of-use assets	28,713	25,931
Dividend income from other investments	(1)	(31)
Gain on modification of leases	(149)	(35)
Interest expense	6,227	4,830
Interest income	(137)	(116)
Inventories written off	4,718	1,677
Inventories wastages	8,968	4,634
Net loss on disposal of property, plant and equipment	357	273
Property, plant and equipment written off	2,633	1,157
Rental rebates	(1,216)	(5,042)
Share of (profit)/loss in jointly controlled entity	(165)	799
Operating profit before working capital changes	50,700	13,027
Changes in working capital:		
Inventories	(26,810)	(8,972)
Receivables	3,439	3,734
Payables	54,181	(7,029)
Jointly controlled entity	(40)	9
Contract assets	2,026	4,411
Contract liabilities	174	945
Cash generated from operations	81,670	6,125
Tax refund	7	3
Tax paid	(1,005)	(2,066)
Net cash generated from operating activities	82,672	4,062

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

	Cumulative 9 months ended	
	31 July 2022	31 July 2021
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible asset	-	(4,156)
Dividend income from other investments	1	31
Interest received	137	116
Proceeds from disposal of property, plant and equipment	56	158
Purchase of property, plant and equipment	(66,394)	(17,744)
Placement of fixed deposits	(21)	(7)
Upliftment of fixed deposits	-	576
Upliftment of funds in other investments	176	4,738
Capital contribution from non-controlling interests	-	1,225
Net cash used in investing activities	(66,045)	(15,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(6,227)	(4,830)
Payment of lease liabilities	(27,771)	(16,722)
Repayment of bank borrowings	(23,714)	(15,418)
Drawdown of bank borrowings	37,142	22,300
Net cash used in financing activities	(20,570)	(14,670)
CASH AND CASH EQUIVALENTS		
Net decrease in cash and cash equivalents	(3,943)	(25,671)
Cash and cash equivalents at 1 November	15,336	39,641
Cash and cash equivalents at 31 July	11,393	13,970
Reconciliation of cash and cash equivalents:		
Cash and bank balances	11,393	13,399
Fixed Deposits with licensed banks	922	902
	12,315	14,301
Less: Fixed deposits pledged to licensed banks	(167)	(166)
Less: Fixed deposits with maturity more than 3 months	(755)	(165)
	11,393	13,970

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

In the current quarter most of the businesses and social activities were free from the hindrance of Covid-19 pandemic related restrictions. The Group too, was able to operate freely. However, as economic activities pick up the country faces an acute shortage of manpower which has affected the Group's performance.

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 THIRD QUARTER ENDED 31 JULY 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 July 2022				
Revenue				
External	457,626	-	(6,894)	450,732
Inter-segment	-	30,505	(30,505)	-
Revenue	457,626	30,505	(37,399)	450,732
Results				
Amortisation of intangible asset	312	-	-	312
Depreciation of property, plant and equipment	21,513	1,412	-	22,925
Depreciation of right-of-use assets	27,708	3,524	(2,519)	28,713
Interest income	(123)	(14)	-	(137)
Interest expense	6,661	1,609	(2,043)	6,227
Loss on disposal of property, plant and equipment	357	-	-	357
Property, plant and equipment written off	2,633	-	-	2,633
Share of results in jointly controlled entity	(165)	-	-	(165)
Loss before tax	(14,660)	(6,407)	(1,418)	(22,485)
Tax	(191)	-	-	(191)
Loss after tax	(14,851)	(6,407)	(1,418)	(22,676)

A11 SUBSEQUENT MATERIAL EVENTS

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2022 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
A12 CHANGES IN COMPOSITION OF THE GROUP

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

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

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

	RM'000
Corporate guarantee given to:	
- financial institutions in respect of banking and lease facilities granted to subsidiaries	91,564
- landlords for rental of premises	1,326
	92,890

A14 CAPITAL COMMITMENTS

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

	RM'000
Authorised and contracted for:	
- Property, plant and equipment	15,746
	15,746

A15 PROPERTY, PLANT AND EQUIPMENT

For the nine (9) months ended 31 July 2022, the Group acquired assets at the cost of RM66.39 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 THIRD QUARTER ENDED 31 JULY 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		9 months ended	
	31 July 2022 RM'000	31 July 2021 RM'000	31 July 2022 RM'000	31 July 2021 RM'000
Transactions with jointly controlled entity				
Management fees income	98	7	175	28
Warehouse and storage fee	108	108	324	324
Administration fee	2	7	9	22
Transactions with related parties				
Advertising & promotion income	79	32	186	201
Trade purchases	1,309	777	3,240	2,397
Office rental income	3	3	9	9
Medical expenses	-	-	-	5
Royalty and license fees expenses	34	17	87	50
Technical support expenses	67	67	201	207
Staff secondment	63	60	187	179
Purchase of property, plant and equipment	-	-	-	12
Interest expense	8	-	13	-

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NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 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 July 2022, Mynews recorded a revenue of RM170.20 million which was RM76.31 million or 81.3% higher than the preceding year's corresponding quarter, while the number of outlets increased from 515 to 573 or 11%. Gross profit increased by 115.4% to RM60.55 million from RM28.11 million while its margin increased to 35.6% from 29.9%. The improved revenue was principally contributed by the increase in in-store sales as our business and social activities in the country were no longer restricted. Also contributing to the increase is the higher number of outlets in the current quarter.

There was a decrease in other income by RM1.74 million, mainly due to the absence of government's Wage Subsidy Programme which contributed a sum of RM1.52 million in the preceding year's corresponding quarter. Administration expenses increased by RM0.08 million (1.1%), from RM7.95 million to RM8.03 million. Selling and distribution expenses increased from RM21.90 million to RM33.47 million, which was an increase of RM11.57 million or 52.8%. This was mainly due to the increase in number of CU outlets and overall increase in business hours as business operation was gradually returning to normalcy. Meanwhile, other expenses increased by RM5.40 million or 37.5% from RM14.38 million to RM19.77 million. The increase was mainly due to the increase in depreciation of property, plant and equipment of RM3.48 million, depreciation of right-of-use assets of RM1.54 million and loss on disposal of property, plant and equipment of RM0.11 million. Finance costs increased by RM0.65 million or 39.9%, from RM1.63 million to RM2.29 million, mainly attributed to the increase in interest expense on lease liabilities from RM1.00 million to RM1.49 million.

In summary, at a loss before taxation of RM2.34 million, Mynews third quarter 2022 performance has improved significantly, by 86%, over the RM16.7 million loss of the corresponding quarter of year 2021, against the backdrop of a gestation period of the one-year old CU business, and the aggressive opening of 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 RM3.68 million to RM1.93 million that could have been even better if not of the production bottleneck caused by labour shortage. The jointly controlled entity, WH Smith, for the first time since MCO, brought in a share of profit of RM0.42 million in the current quarter as compared to share of loss of RM0.55 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 RM19.55 million as compared to a negative EBITDA of RM0.34 million in the preceding year corresponding quarter.

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

Revenue for the current quarter of RM170.20 million improved by RM29.11 million or 20.6% as compared to that of the immediately preceding quarter of RM141.10 million. Gross profit increased by RM12.70 million or 26.5% while the average gross profit margin increased to 35.6% from 33.9%. This increase in margin is contributed by a better margin from CU operation and improvement in inventory wastage control.

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

The current quarter's administration expenses decreased by RM0.93 million or 10.4%, as compared to RM8.97 million in the immediately preceding quarter. This improvement was a result of cost control measures that the Group has been diligently undertaking. The selling and distribution expenses increased by RM3.21 million or 10.6%, from RM30.26 million to RM33.47 million, mainly attributed to the increase in the total number of CU outlets from 87 to 111 as at the end of the current quarter. Other expenses increased by RM2.13 million or 12.0%, from RM17.65 million to RM19.77 million mainly due to the increase in depreciation of right-of-use assets; depreciation of property, plant and equipment; and loss on disposal of property, plant and equipment of RM0.43 million, RM2.06 million and RM0.19 million respectively. The increase in other expenses was offset by the reduction in property, plant and equipment written off in the amount of RM0.62 million.

Loss before taxation for the current quarter decreased by RM9.04 million or 79.4% to RM2.34 million as compared to the immediately preceding quarter of RM11.38 million. The increase in retail revenue and gross profit margin was offset by the additional costs incurred in establishing and promoting the CU business as twenty-four (24) new CU stores were launched in several states during the quarter. The FPC's performance has improved too, with the loss reduced to RM1.93 million from RM2.49 million in the immediately preceding quarter.

Earnings before interest, tax, depreciation (inclusive the depreciation of right-of-use assets) and amortisation (EBITDA) increased significantly by 143.8% to RM19.55 million in current quarter from RM8.02 million in the immediately preceding quarter.

B3 PROSPECTS

Since the opening of the first CU outlet on 1 April 2021, the Group managed to launch a total of 111 CU outlets as at the end of the current quarter and 124 outlets to date, while traversing through the difficult pandemic situation most of the time. The growth of CU stores will continue and be moderated by the sharing of resources to improve the performance of existing stores. The current number of myNEWS outlets stood at 462 (of which 16 are myNEWS Supervalu) while the number of WH Smith stores is 13. Both these brands will continue to grow organically at selective locations.

The increase in sales at the retail stores has improved the demand for ready-to-eat food and thus the increase in production volume of the FPC. Unfortunately, the pick up of post pandemic economic activities coupled with the delay in the return of foreign workers have caused an acute labour shortage in the country and the Group's labour needs have been crucially affected too. The FPC production volume, even though improved significantly, has been stymied by the labour bottleneck. Fortunately, the problem is being resolved and we are looking forward to easing the bottleneck in the coming months.

We anticipate a continuing improvement in every component of the business that is being brought about by the growth in the total number of retail outlets, increase in post-pandemic consumer footfall, increase in utilisation rate of the FPC and better profit contribution from WH Smith stores as the air travel industry continues to normalise. Meanwhile, we expect the improvement in gross margin to continue as we control costs and improve efficiencies in every aspect of the business. Moving forward, we are hopeful of a turnaround in our financial performance, barring any unforeseen circumstances.

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2022 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B4 VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public document or announcement.

B5 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31 July 2022 RM'000	31 July 2021 RM'000	31 July 2022 RM'000	31 July 2021 RM'000
Loss before tax is arrived at after charging:				
Amortisation of intangible asset	104	104	312	139
Depreciation of property, plant and equipment	9,070	5,681	22,925	16,692
Depreciation of right-of-use assets	10,430	8,543	28,713	25,931
Property, plant and equipment written off	687	671	2,633	1,157
Interest expense	2,286	1,634	6,227	4,830
Net loss on disposal of property, plant and equipment	200	93	357	273
And after crediting:				
Interest Income	(45)	(57)	(137)	(116)
Dividend income from other investments	-	(2)	(1)	(31)

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 9 months ended	
	31 July 2022 RM'000	31 July 2021 RM'000	31 July 2022 RM'000	31 July 2021 RM'000
Current tax:				
Provision for current period	64	396	195	1,283
(Over)/Under provision in prior year	(3)	17	(3)	8
Deferred tax:				
Overprovision in prior year	(1)	-	(1)	(5)
Total tax expense	60	413	191	1,286

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2022 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B7 STATUS OF CORPORATE PROPOSAL

There was no corporate proposal during the period under review.

B8 BORROWINGS AND DEBT SECURITIES

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

	Unaudited As at 31 July 2022 RM'000	Audited As at 31 Oct 2021 RM'000
Short term borrowings – Secured		
Term loans	2,167	2,157
Revolving credit	29,722	13,455
Supplier financing	7,978	9,808
Banker acceptance	4,843	-
	44,710	25,420
Long term borrowings – Secured		
Term loans	23,178	24,799
Revolving credit	16,525	20,766
	39,703	45,565
Total borrowings – Secured		
Term loans	25,345	26,956
Revolving credit	46,247	34,221
Supplier financing	7,978	9,808
Banker acceptance	4,843	-
	84,413	70,985

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

B9 MATERIAL LITIGATION

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

B10 DIVIDEND

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

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 JULY 2022 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B11 EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarters 9 months ended	
	31 July 2022	31 July 2021	31 July 2022	31 July 2021
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the Company (RM'000)	(1,454)	(14,917)	(19,536)	(34,177)
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>(0.21)</u>	<u>(2.19)</u>	<u>(2.86)</u>	<u>(5.01)</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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