

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 first quarter ended 31 January 2023. This report should be read in conjunction with its audited financial statements for the financial year ended 31 October 2022 and the accompanying notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JANUARY 2023
i) Current quarter and financial year to date

	Current Quarter 3 months ended				Cumulative Quarters 3 months ended			
	31 Jan 2023 RM'000	31 Jan 2022 RM'000	Changes Fav/(Unfav) RM'000 %		31 Jan 2023 RM'000	31 Jan 2022 RM'000	Changes Fav/(Unfav) RM'000 %	
Revenue	184,094	139,437	44,657	32.0	184,094	139,437	44,657	32.0
Cost of sales	(121,800)	(96,198)	(25,602)	(26.6)	(121,800)	(96,198)	(25,602)	(26.6)
Gross profit	62,294	43,239	19,055	44.1	62,294	43,239	19,055	44.1
Other income	472	358	114	31.8	472	358	114	31.8
Administration expenses	(8,576)	(8,246)	(330)	(4.0)	(8,576)	(8,246)	(330)	(4.0)
Selling and distribution expenses	(35,459)	(27,154)	(8,305)	(30.6)	(35,459)	(27,154)	(8,305)	(30.6)
Other expenses	(19,095)	(15,275)	(3,820)	(25.0)	(19,095)	(15,275)	(3,820)	(25.0)
Finance costs	(2,773)	(1,766)	(1,007)	(57.0)	(2,773)	(1,766)	(1,007)	(57.0)
Share of profit in jointly controlled entity	284	72	212	294.4	284	72	212	294.4
Loss before tax	(2,853)	(8,772)	5,919	67.5	(2,853)	(8,772)	5,919	67.5
Tax expense	(1,605)	(66)	(1,539)	(2,331.8)	(1,605)	(66)	(1,539)	(2,331.8)
Net loss for the period	(4,458)	(8,838)	4,380	49.6	(4,458)	(8,838)	4,380	49.6

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 JANUARY 2023 (Cont'd)**
i) Current quarter and financial year to date (Cont'd)

	Current Quarter 3 months ended				Cumulative Quarters 3 months ended			
	31 Jan 2023 RM'000	31 Jan 2022 RM'000	Changes Fav/(Unfav) RM'000	%	31 Jan 2023 RM'000	31 Jan 2022 RM'000	Changes Fav/(Unfav) RM'000	%
Net loss attributable to:								
Owners of the Company	(3,213)	(7,859)	4,646	59.1	(3,213)	(7,859)	4,646	59.1
Non-controlling interest	(1,245)	(979)	(266)	(27.2)	(1,245)	(979)	(266)	(27.2)
	<u>(4,458)</u>	<u>(8,838)</u>	<u>4,380</u>	<u>49.6</u>	<u>(4,458)</u>	<u>(8,838)</u>	<u>4,380</u>	<u>49.6</u>
Total comprehensive loss attributable to:								
Owners of the Company	(3,213)	(7,859)	4,646	59.1	(3,213)	(7,859)	4,646	59.1
Non-controlling interest	(1,245)	(979)	(266)	(27.2)	(1,245)	(979)	(266)	(27.2)
	<u>(4,458)</u>	<u>(8,838)</u>	<u>4,380</u>	<u>49.6</u>	<u>(4,458)</u>	<u>(8,838)</u>	<u>4,380</u>	<u>49.6</u>
Basic loss per ordinary share (sen) (Note B11)	<u>(0.47)</u>	<u>(1.15)</u>			<u>(0.47)</u>	<u>(1.15)</u>		

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 JANUARY 2023 (Cont'd)**
ii) Current quarter compared with immediately preceding quarter

	Current Quarter 31 Jan 2023	Immediately Preceding Quarter 31 Oct 2022 (#)	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
Revenue	184,094	180,601	3,493	1.9
Cost of sales	(121,800)	(119,801)	(1,999)	(1.7)
Gross profit	62,294	60,800	1,494	2.5
Other income	472	2,073	(1,601)	(77.2)
Administration expenses	(8,576)	(7,735)	(841)	(10.9)
Selling and distribution expenses	(35,459)	(35,993)	534	1.5
Other expenses	(19,095)	(15,790)	(3,305)	(20.9)
Finance costs	(2,773)	(2,591)	(182)	(7.0)
Share of profit in jointly controlled entity	284	668	(384)	(57.5)
(Loss)/Profit before tax	(2,853)	1,432	(4,285)	(299.2)
Tax expense	(1,605)	(2,355)	750	31.8
Loss after tax for the period	(4,458)	(923)	(3,535)	(383.0)
Loss attributable to:				
Owners of the Company	(3,213)	(82)	(3,131)	(3,818.3)
Non-controlling interest	(1,245)	(841)	(404)	(48.0)
	(4,458)	(923)	(3,535)	(383.0)
Total comprehensive loss attributable to:				
Owners of the Company	(3,213)	(82)	(3,131)	(3,818.3)
Non-controlling interest	(1,245)	(841)	(404)	(48.0)
	(4,458)	(923)	(3,535)	(383.0)
Loss per ordinary share (sen)	(0.47)	(0.01)		

(#): Certain comparative figures have been reclassified/adjusted to conform to the FY2022 audited results.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023**

	Unaudited 31 Jan 2023	Audited 31 Oct 2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	246,816	247,910
Right-of-use assets	212,312	208,491
Intangible asset	3,394	3,498
Investment properties	5,110	5,110
Investment in jointly controlled entity	7,156	6,872
Deferred tax assets	837	837
Fixed deposits with licensed banks	169	168
Total non-current assets	475,794	472,886
Current assets		
Inventories	84,298	81,047
Contract assets	12,042	11,756
Trade receivables	1,614	3,934
Other receivables	26,793	31,628
Amount due from jointly controlled entity	50	80
Tax recoverable	6,301	6,213
Fixed Deposits with licensed banks	773	768
Cash and bank balances	12,988	11,737
	144,859	147,163
Assets classified as held for sale	7,678	7,678
Total current assets	152,537	154,841
Total assets	628,331	627,727

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2023 (Cont'd)**

	Unaudited 31 Jan 2023 RM'000	Audited 31 Oct 2022 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	42,790	46,003
Equity attributable to owners	216,369	219,582
Non-controlling interests	1,503	2,748
Total equity	217,872	222,330
LIABILITIES		
Non-current liabilities		
Provision for restoration costs	8,432	8,440
Bank borrowings	54,220	48,070
Lease liabilities	112,476	115,783
Deferred tax liabilities	8,573	7,100
Loan from a corporate shareholder of a subsidiary	2,986	2,951
Total non-current liabilities	186,687	182,344
Current liabilities		
Trade payables	80,573	73,210
Other payables	52,622	62,372
Provision for restoration costs	804	756
Contract liabilities	1,245	1,844
Bank borrowings	37,958	42,432
Lease liabilities	50,382	42,439
Amount due to jointly controlled entity	188	-
Total current liabilities	223,772	223,053
Total liabilities	410,459	405,397
Total equity and liabilities	628,331	627,727
Net assets per share (RM)	0.32	0.33

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 JANUARY 2023**

	← 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 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	-	-	-	(19,618)	(19,618)	(3,981)	(23,599)
As at 31 October 2022	201,581	17,950	(45,952)	46,003	219,582	2,748	222,330
Net loss for the period / Total comprehensive loss for the period	-	-	-	(3,213)	(3,213)	(1,245)	(4,458)
As at 31 January 2023	201,581	17,950	(45,952)	42,790	216,369	1,503	217,872

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 JANUARY 2023**

	Cumulative 3 months ended	
	31 Jan 2023 RM'000	31 Jan 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(2,853)	(8,772)
Adjustments for:		
Amortisation of intangible asset	104	104
Depreciation of property, plant and equipment	7,498	6,837
Depreciation of right-of-use assets	12,295	8,313
Dividend income from other investments	-	(1)
Gain on modification of leases	(23)	(136)
Interest expense	2,773	1,766
Interest income	(78)	(45)
Inventories written off	1,592	1,275
Inventories wastages	4,467	4,416
Net loss on disposal of property, plant and equipment	14	145
Property, plant and equipment written off	66	639
Rental rebates	(141)	(527)
Share of profit in jointly controlled entity	(284)	(72)
Operating profit before working capital changes	25,430	13,942
Changes in working capital:		
Inventories	(9,310)	(13,221)
Receivables	7,155	4,043
Payables	(2,387)	6,203
Jointly controlled entity	218	(37)
Contract assets	(286)	858
Contract liabilities	(599)	52
Cash generated from operations	20,221	11,840
Tax paid	(220)	(601)
Net cash generated from operating activities	20,001	11,239

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 JANUARY 2023 (Cont'd)**

	Cumulative 3 months ended	
	31 Jan 2023	31 Jan 2022
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend income from other investments	-	1
Interest received	78	45
Proceeds from disposal of property, plant and equipment	3	23
Purchase of property, plant and equipment	(6,487)	(12,856)
Placement of fixed deposits	(9)	(1)
Upliftment of funds in other investments	-	175
Net cash used in investing activities	(6,415)	(12,613)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,738)	(1,766)
Payment of lease liabilities	(11,273)	(8,750)
Repayment of bank borrowings	(16,128)	(6,281)
Drawdown of bank borrowings	17,804	15,901
Net cash used in financing activities	(12,335)	(896)
CASH AND CASH EQUIVALENTS		
Net increase/(decrease) in cash and cash equivalents	1,251	(2,270)
Cash and cash equivalents at 1 November	11,737	15,336
Cash and cash equivalents at 31 January	12,988	13,066
Reconciliation of cash and cash equivalents:		
Cash and bank balances	12,988	13,066
Fixed Deposits with licensed banks	942	903
	13,930	13,969
Less: Fixed deposits pledged to licensed banks	(169)	(165)
Less: Fixed deposits with maturity more than 3 months	(773)	(738)
	12,988	13,066

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2023**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 2022.

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 2022. 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 2022.

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 FIRST QUARTER ENDED 31 JANUARY 2023 (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, 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 FIRST QUARTER ENDED 31 JANUARY 2023 (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	Manufacturing	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
For the period ended 31 January 2023				
Revenue				
External	186,697	-	(2,603)	184,094
Inter-segment	-	14,103	(14,103)	-
Revenue	<u>186,697</u>	<u>14,103</u>	<u>(16,706)</u>	<u>184,094</u>
Results				
Amortisation of intangible asset	104	-	-	104
Depreciation of property, plant and equipment	7,016	482	-	7,498
Depreciation of right-of-use assets	11,853	1,206	(764)	12,295
Interest income	(69)	(9)	-	(78)
Interest expense	2,994	535	(756)	2,773
Loss on disposal of property, plant and equipment	14	-	-	14
Property, plant and equipment written off	66	-	-	66
Share of results in jointly controlled entity	(284)	-	-	(284)
Profit/(Loss) before tax	238	(2,540)	(551)	(2,853)
Tax	(1,605)	-	-	(1,605)
Loss after tax	<u>(1,367)</u>	<u>(2,540)</u>	<u>(551)</u>	<u>(4,458)</u>

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2023 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
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.

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 2023.

RM'000

Corporate guarantee given to:

- financial institutions in respect of banking and lease facilities granted to subsidiaries	97,768
- landlords for rental of premises	841
	98,609

A14 CAPITAL COMMITMENTS

The capital commitments of the Group as at 31 January 2023 were as follows:

RM'000

Authorised and contracted for:

- Property, plant and equipment	10,656
	10,656

A15 PROPERTY, PLANT AND EQUIPMENT

For the three (3) months ended 31 January 2023, the Group acquired assets at the cost of RM6.49 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 FIRST QUARTER ENDED 31 JANUARY 2023 (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		3 months ended	
	31 Jan 2023 RM'000	31 Jan 2022 RM'000	31 Jan 2023 RM'000	31 Jan 2022 RM'000
Transactions with jointly controlled entity				
Management fees income	118	37	118	37
Warehouse and storage fee	108	108	108	108
Administration fee	2	4	2	4
Transactions with related parties				
Advertising & promotion income	44	59	44	59
Trade purchases	1,726	1,255	1,726	1,255
Office rental income	3	3	3	3
Royalty and license fees expenses	41	27	41	27
Technical support expenses	80	67	80	67
Staff secondment	65	61	65	61
Interest expense	35	2	35	2

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2023 (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 2023, Mynews recorded a revenue of RM184.09 million which was RM44.66 million or 32.0% higher than the preceding year's corresponding quarter, while the number of outlets increased by 58 from 538 to 596. Gross profit increased by RM19.05 million from RM43.24 million to RM62.29 million, while its margin, boosted by the improvement in sales mix and higher margin of CU business, improved to 33.8% from 31.0%. Revenue increase was principally contributed by 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 RM0.33 million or 4.0%, from RM8.25 million to RM8.58 million, principally due to the addition of human resources. Also, for the same reason, selling and distribution expenses increased from RM27.15 million to RM35.46 million, an increase of RM8.31 million or 30.6%. Meanwhile, other expenses increased by RM3.82 million or 25.0% from RM15.28 million to RM19.10 million. The increase was mainly due to the increase in depreciation of right-of-use assets and depreciation of property, plant and equipment of RM4.51 million, which was partially offset by the decrease in property, plant and equipment written-off of RM0.57 million. Finance costs increased by RM1.00 million or 57.0%, from RM1.77 million to RM2.77 million. This was mainly attributed to the increase in interest expense on lease liabilities from RM1.09 million to RM1.71 million and the increase in bank interest charges from additional bank borrowings of RM11.57 million, from RM80.61 million in the preceding year's corresponding quarter to RM92.18 million in the current quarter.

In summary, at a loss before taxation of RM2.85 million, Mynews first quarter 2023 performance has improved by 67.5% as compared to the RM8.77 million loss of the corresponding quarter of year 2022, against the backdrop of the expected gestation process of new CU business and the opening of additional 58 new stores that have crimped the bottom line. The rise in raw material prices and electricity surcharge have impacted the FPC's performance, increasing the loss from RM2.00 million to RM2.54 million. The jointly controlled entity, WH Smith, brought in a share of profit of RM284,000 in the current quarter as compared to RM72,000 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 of the depreciation of right-of-use assets) and amortization (EBITDA) of RM19.82 million as compared to RM8.12 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 RM184.09 million improved by RM3.49 million or 1.9% as compared to that of the immediately preceding quarter of RM180.60 million. Gross profit increased by RM1.49 million or 2.5% while the average gross profit margin increased slightly to 33.8% from 33.7%.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2023 (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)**

There was a decrease in other income by RM1.60 million, mainly attributed to the cessation of government's Hiring Incentive Programme and non-availability of fair value gain on investment properties in the current quarter. The current quarter's administration expenses of RM8.58 million is an increase of RM0.84 million or 10.9%, as compared to RM7.74 million in the immediately preceding quarter. This was partly attributed to the reclassification adjustment of RM0.39 million from administration expenses to selling and distribution expenses in the immediately preceding quarter. Consequent of the adjustment, selling and distribution expenses of the current quarter at RM35.46 million was comparatively lower by RM0.53 million or 1.5% as compared to RM35.99 million of the immediately preceding quarter. Other expenses increased by RM3.31 million or 20.9%, from RM15.79 million to RM19.10 million. The comparatively higher increase is mainly due to a one-off positive adjustment of depreciation of property, plant and equipment in the immediately preceding quarter. Finance costs increased by RM0.18 million or 7.0%, from RM2.59 million to RM2.77 million. This was mainly attributed to the increase in interest expense on bank borrowings from RM0.91 million to RM1.03 million.

Loss before taxation of RM2.85 million for the current quarter was a negative difference of RM4.29 million or 299.2% as compared to a profit of RM1.43 million in the immediately preceding quarter. The difference was mainly attributed to the cessation of the government's Hiring Incentive Programme, the non-availability of fair value gain on investment properties and a one-off positive adjustment on depreciation of property, plant and equipment in the immediately preceding quarter. After adjusting the exceptional items, the current quarter's loss before taxation is reduced by 16.2% to RM2.85 million from RM3.40 million in the immediately preceding quarter.

Earnings before interest, tax, depreciation (inclusive the depreciation of right-of-use assets) and amortisation (EBITDA) decreased by 5.4% to RM19.86 million in current quarter from RM20.94 million in the immediately preceding quarter. However, with the adjustment for the exceptional items in the table above, EBITDA increased by RM0.73 million, from RM19.13 million to RM19.86 million.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2023 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B3 PROSPECTS

Currently, the group has 614 outlets in total, made up of 466 myNEWS, 131 CU and 17 WHSmith outlets. The growth of new stores will continue and be carefully moderated against the current economic environment. We expect the sales performance to improve from quarter to quarter driven by the store network growth, ongoing effort to increase the in-store sales and strategic improvement in essential infrastructures that will enhance the support to the retail front.

The continuing improvement in sales at the retail front will continue to elevate the demand for ready-to-eat products and thus will increase the production volume of the FPC. The gradual but continual recovery of air travel industry continues to boost the performance of WH Smith stores which are located at international airports in the country.

Despite the increasing trend in total revenue, the management expects a fluctuating trend of profitability in the near term owing to the challenging economic environment, increasing cost of business caused by inflation and the gestation process in developing CU business and adapting it to the local culture. In spite of the challenges, the management remains confident and optimistic of the long-term prospect of the group which is driven by strong retail brands and internal resources that are well focused on a long term goal of growth and profitability.

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		Cumulative Quarter	
	3 months ended		3 months ended	
	31 Jan	31 Jan	31 Jan	31 Jan
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived at after charging:				
Amortisation of intangible asset	104	104	104	104
Depreciation of property, plant and equipment	7,498	6,837	7,498	6,837
Depreciation of right-of-use assets	12,295	8,313	12,295	8,313
Property, plant and equipment written off	66	639	66	639
Interest expense	2,773	1,766	2,773	1,766
Net loss on disposal of property, plant and equipment	14	145	14	145
And after crediting:				
Interest Income	(78)	(45)	(78)	(45)
Dividend income from other investments	-	(1)	-	(1)

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 2023 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B6 TAX EXPENSE

	Current Quarter 3 months ended		Cumulative Quarters 3 months ended	
	31 Jan 2023	31 Jan 2022	31 Jan 2023	31 Jan 2022
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Provision for current period	132	66	132	66
Deferred tax:				
Provision for current period	1,473	-	1,473	-
Total tax expense	<u>1,605</u>	<u>66</u>	<u>1,605</u>	<u>66</u>

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

B7 STATUS OF CORPORATE PROPOSAL

There are no announced corporate proposals that are not completed during the period under review.

B8 BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 January 2023 are as follows:

	Unaudited As at 31 Jan 2023 RM'000	Audited As at 31 Oct 2022 RM'000
Short term borrowings – Secured		
Term loans	2,174	2,172
Revolving credit	23,615	22,840
Supplier financing	7,976	10,361
Banker acceptance	4,193	7,059
	<u>37,958</u>	<u>42,432</u>
Long term borrowings – Secured		
Term loans	22,108	22,639
Revolving credit	32,112	25,431
	<u>54,220</u>	<u>48,070</u>
Total borrowings – Secured		
Term loans	24,282	24,811
Revolving credit	55,727	48,271
Supplier financing	7,976	10,361
Banker acceptance	4,193	7,059
	<u>92,178</u>	<u>90,502</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 2023 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B9 MATERIAL LITIGATION

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

B10 DIVIDEND

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

B11 EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarters 3 months ended	
	31 Jan 2023 RM'000	31 Jan 2022 RM'000	31 Jan 2023 RM'000	31 Jan 2022 RM'000
Loss attributable to owners of the Company (RM'000)	(3,213)	(7,859)	(3,213)	(7,859)
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>(0.47)</u>	<u>(1.15)</u>	<u>(0.47)</u>	<u>(1.15)</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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