

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 second quarter ended 30 April 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 SECOND QUARTER ENDED 30 APRIL 2023**
**i) Current quarter and financial year to date**

	Current Quarter 3 months ended				Cumulative Quarters 6 months ended			
	30 Apr 2023 RM'000	30 Apr 2022 RM'000	Changes Fav/(Unfav) RM'000 %		30 Apr 2023 RM'000	30 Apr 2022 RM'000	Changes Fav/(Unfav) RM'000 %	
<b>Revenue</b>	174,196	141,095	33,101	23.5	358,290	280,532	77,758	27.7
Cost of sales	(114,405)	(93,239)	(21,166)	(22.7)	(236,205)	(189,437)	(46,768)	(24.7)
<b>Gross profit</b>	59,791	47,856	11,935	24.9	122,085	91,095	30,990	34.0
Other income	1,041	277	764	275.8	1,513	635	878	138.3
Administration expenses	(8,963)	(8,966)	3	0.0	(17,539)	(17,340)	(199)	(1.1)
Selling and distribution expenses	(35,475)	(30,263)	(5,212)	(17.2)	(70,934)	(57,417)	(13,517)	(23.5)
Other expenses	(19,564)	(17,647)	(1,917)	(10.9)	(38,659)	(32,922)	(5,737)	(17.4)
Finance costs	(2,804)	(2,303)	(501)	(21.8)	(5,577)	(3,941)	(1,636)	(41.5)
Share of profit/(loss) in jointly controlled entity	390	(329)	719	218.5	674	(257)	931	362.3
<b>Loss before tax</b>	(5,584)	(11,375)	5,791	50.9	(8,437)	(20,147)	11,710	58.1
Tax expense	(2,172)	(65)	(2,107)	(3,241.5)	(3,777)	(131)	(3,646)	(2,783.2)
<b>Net loss for the period</b>	<u>(7,756)</u>	<u>(11,440)</u>	<u>3,684</u>	<u>32.2</u>	<u>(12,214)</u>	<u>(20,278)</u>	<u>8,064</u>	<u>39.8</u>

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

	Current Quarter 3 months ended				Cumulative Quarters 6 months ended			
	30 Apr 2023 RM'000	30 Apr 2022 RM'000	Changes Fav/(Unfav) RM'000	%	30 Apr 2023 RM'000	30 Apr 2022 RM'000	Changes Fav/(Unfav) RM'000	%
<b>Net loss attributable to:</b>								
Owners of the Company	(6,277)	(10,223)	3,946	38.6	(9,490)	(18,082)	8,592	47.5
Non-controlling interest	(1,479)	(1,217)	(262)	(21.5)	(2,724)	(2,196)	(528)	(24.0)
	<u>(7,756)</u>	<u>(11,440)</u>	<u>3,684</u>	<u>32.2</u>	<u>(12,214)</u>	<u>(20,278)</u>	<u>8,064</u>	<u>39.8</u>
<b>Total comprehensive loss attributable to:</b>								
Owners of the Company	(6,277)	(10,223)	3,946	38.6	(9,490)	(18,082)	8,592	47.5
Non-controlling interest	(1,479)	(1,217)	(262)	(21.5)	(2,724)	(2,196)	(528)	(24.0)
	<u>(7,756)</u>	<u>(11,440)</u>	<u>3,684</u>	<u>32.2</u>	<u>(12,214)</u>	<u>(20,278)</u>	<u>8,064</u>	<u>39.8</u>
<b>Basic loss per ordinary share (sen) (Note B11)</b>	<u>(0.92)</u>	<u>(1.50)</u>			<u>(1.39)</u>	<u>(2.65)</u>		

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 APRIL 2023 (Cont'd)**
**ii) Current quarter compared with immediately preceding quarter**

	Current Quarter 30 Apr 2023	Immediately Preceding Quarter 31 Jan 2023	Changes Fav/(Unfav)	
	RM'000	RM'000	RM'000	%
<b>Revenue</b>	174,196	184,094	(9,898)	(5.4)
Cost of sales	(114,405)	(121,800)	7,395	6.1
<b>Gross profit</b>	59,791	62,294	(2,503)	(4.0)
Other income	1,041	472	569	120.6
Administration expenses	(8,963)	(8,576)	(387)	(4.5)
Selling and distribution expenses	(35,475)	(35,459)	(16)	(0.0)
Other expenses	(19,564)	(19,095)	(469)	(2.5)
Finance costs	(2,804)	(2,773)	(31)	(1.1)
Share of profit in jointly controlled entity	390	284	106	37.3
<b>Loss before tax</b>	(5,584)	(2,853)	(2,731)	(95.7)
Tax expense	(2,172)	(1,605)	(567)	(35.3)
<b>Loss after tax for the period</b>	(7,756)	(4,458)	(3,298)	(74.0)
<b>Loss attributable to:</b>				
Owners of the Company	(6,277)	(3,213)	(3,064)	(95.4)
Non-controlling interest	(1,479)	(1,245)	(234)	(18.8)
	(7,756)	(4,458)	(3,298)	(74.0)
<b>Total comprehensive loss attributable to:</b>				
Owners of the Company	(6,277)	(3,213)	(3,064)	(95.4)
Non-controlling interest	(1,479)	(1,245)	(234)	(18.8)
	(7,756)	(4,458)	(3,298)	(74.0)
<b>Loss per ordinary share (sen)</b>	(0.92)	(0.47)		

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2023**

	<b>Unaudited 30 Apr 2023 RM'000</b>	<b>Audited 31 Oct 2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	237,614	247,910
Right-of-use assets	207,251	208,491
Intangible asset	3,290	3,498
Investment properties	5,110	5,110
Investment in jointly controlled entity	7,547	6,872
Deferred tax assets	837	837
Lease receivables	326	-
Fixed deposits with licensed banks	-	168
<b>Total non-current assets</b>	<b>461,975</b>	<b>472,886</b>
<b>Current assets</b>		
Inventories	82,678	81,047
Contract assets	9,372	11,756
Trade receivables	292	3,934
Other receivables	27,139	31,628
Amount due from jointly controlled entity	-	80
Lease receivables	97	-
Tax recoverable	6,270	6,213
Fixed Deposits with licensed banks	355	768
Cash and bank balances	14,391	11,737
	140,594	147,163
Non-current asset held for sale	-	7,678
<b>Total current assets</b>	<b>140,594</b>	<b>154,841</b>
<b>Total assets</b>	<b>602,569</b>	<b>627,727</b>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 APRIL 2023 (Cont'd)**

	<b>Unaudited 30 Apr 2023 RM'000</b>	<b>Audited 31 Oct 2022 RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	201,581	201,581
Revaluation reserve	17,950	17,950
Merger deficit	(45,952)	(45,952)
Retained earnings	36,513	46,003
<b>Equity attributable to owners</b>	<b>210,092</b>	<b>219,582</b>
Non-controlling interests	24	2,748
<b>Total equity</b>	<b>210,116</b>	<b>222,330</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Provision for restoration costs	8,534	8,440
Bank borrowings	51,672	48,070
Lease liabilities	111,905	115,783
Deferred tax liabilities	10,583	7,100
Loans from corporate shareholders of subsidiaries	4,024	2,951
<b>Total non-current liabilities</b>	<b>186,718</b>	<b>182,344</b>
<b>Current liabilities</b>		
Trade payables	76,514	73,210
Other payables	42,251	62,372
Provision for restoration costs	804	756
Contract liabilities	1,362	1,844
Bank borrowings	37,595	42,432
Lease liabilities	47,080	42,439
Amount due to jointly controlled entity	129	-
<b>Total current liabilities</b>	<b>205,735</b>	<b>223,053</b>
<b>Total liabilities</b>	<b>392,453</b>	<b>405,397</b>
<b>Total equity and liabilities</b>	<b>602,569</b>	<b>627,727</b>
<b>Net assets per share (RM)</b>	<b>0.31</b>	<b>0.33</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 30 APRIL 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		
<b>As at 1 November 2021</b>	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)
<b>As at 31 October 2022</b>	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	-	-	-	(9,490)	(9,490)	(2,724)	(12,214)
<b>As at 30 April 2023</b>	201,581	17,950	(45,952)	36,513	210,092	24	210,116

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 APRIL 2023**

	Cumulative 6 months ended	
	30 Apr 2023 RM'000	30 Apr 2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(8,437)	(20,147)
Adjustments for:		
Amortisation of intangible asset	208	208
Depreciation of property, plant and equipment	14,770	13,855
Depreciation of right-of-use assets	25,048	18,283
Dividend income from other investments	-	(1)
Gain on modification of leases	(65)	(81)
Interest expense	5,577	3,941
Interest income	(172)	(92)
Inventories written off	2,685	2,762
Inventories wastages	8,007	6,970
Net loss on disposal of property, plant and equipment	49	157
Property, plant and equipment written off	361	1,946
Rental rebates	(576)	(1,512)
Share of (profit)/loss in jointly controlled entity	(674)	257
<b>Operating profit before working capital changes</b>	46,781	26,546
Changes in working capital:		
Inventories	(12,323)	(27,652)
Receivables	8,131	5,962
Payables	(16,822)	43,852
Jointly controlled entity	209	(20)
Contract assets	2,384	679
Contract liabilities	(482)	991
Cash generated from operations	27,878	50,358
Tax paid	(351)	(1,005)
<b>Net cash generated from operating activities</b>	27,527	49,353

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 30 APRIL 2023 (Cont'd)**

	Cumulative 6 months ended	
	30 Apr 2023 RM'000	30 Apr 2022 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend income from other investments	-	1
Income from lease receivables	28	-
Interest received	172	92
Net proceeds from disposal of investment property	7,678	-
Proceeds from disposal of property, plant and equipment	4	39
Purchase of property, plant and equipment	(4,888)	(54,395)
Placement of fixed deposits	(10)	(18)
Upliftment of fixed deposits	681	-
Upliftment of funds in other investments	-	176
<b>Net cash from/(used in) investing activities</b>	<b>3,665</b>	<b>(54,105)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of bank borrowings	30,346	29,428
Interest paid	(5,499)	(3,941)
Loan from corporate shareholder of a subsidiary	1,000	-
Payment of lease liabilities	(22,714)	(9,531)
Repayment of bank borrowings	(31,582)	(15,241)
<b>Net cash (used in)/from financing activities</b>	<b>(28,449)</b>	<b>715</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,743	(4,037)
<b>Cash and cash equivalents at 1 November</b>	11,737	15,336
<b>Cash and cash equivalents at 30 April</b>	14,480	11,299
<b>Reconciliation of cash and cash equivalents:</b>		
Cash and bank balances	14,390	11,299
Fixed Deposits with licensed banks	355	920
	14,745	12,219
Less: Fixed deposits pledged to licensed banks	-	(166)
Less: Fixed deposits with maturity more than 3 months	(265)	(754)
	14,480	11,299

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 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, Korean CU CVS, SUPERVALUE minimart and WHSmith travel retail. 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**

For the current quarter the Group’s income was affected by the Ramadan month and a shorter month in February.

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**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 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 SECOND QUARTER ENDED 30 APRIL 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.

	<b>Retail RM'000</b>	<b>Manufacturing RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>For the period ended 30 April 2023</b>				
<b>Revenue</b>				
External	358,101	189	-	358,290
Inter-segment	-	25,892	(25,892)	-
Revenue	<u>358,101</u>	<u>26,081</u>	<u>(25,892)</u>	<u>358,290</u>
<b>Results</b>				
Amortisation of intangible asset	208	-	-	208
Depreciation of property, plant and equipment	13,808	962	-	14,770
Depreciation of right-of-use assets	24,166	2,410	(1,528)	25,048
Interest income	(154)	(18)	-	(172)
Interest expense	5,910	1,080	(1,413)	5,577
Loss on disposal of property, plant and equipment	49	-	-	49
Property, plant and equipment written off	361	-	-	361
Share of results in jointly controlled entity	(674)	-	-	(674)
Loss before tax	(1,680)	(5,559)	(1,198)	(8,437)
Tax	(3,777)	-	-	(3,777)
Loss after tax	<u>(5,457)</u>	<u>(5,559)</u>	<u>(1,198)</u>	<u>(12,214)</u>

**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 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 30 April 2023.

**RM'000**

Corporate guarantee given to:

- financial institutions in respect of banking and lease facilities granted to subsidiaries	92,983
- landlords for rental of premises	958
	93,941

**A14 CAPITAL COMMITMENTS**

The capital commitments of the Group as at 30 April 2023 were as follows:

**RM'000**

Authorised and contracted for:

- Property, plant and equipment	7,037
	7,037

**A15 PROPERTY, PLANT AND EQUIPMENT**

For the six (6) months ended 30 April 2023, the Group acquired assets at the cost of RM4.89 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 SECOND QUARTER ENDED 30 APRIL 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		6 months ended	
	30 Apr 2023 RM'000	30 Apr 2022 RM'000	30 Apr 2023 RM'000	30 Apr 2022 RM'000
<b>Transactions with jointly controlled entity</b>				
Management fees income	139	41	257	78
Warehouse and storage fee	108	108	216	216
Administration fee	2	3	5	7
Trade sales	76	-	76	-
<b>Transactions with related parties</b>				
Advertising & promotion income	96	48	140	107
Trade purchases	1,487	886	3,213	1,824
Trade sales	91	-	91	-
Office rental income	3	3	6	6
Royalty and license fees expenses	38	26	79	53
Technical support expenses	75	67	155	134
Staff secondment	69	63	134	124
Interest expenses	43	4	78	5

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## NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 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 30 April 2023, Mynews recorded a revenue of RM174.20 million which was RM33.10 million or 23.5% higher than the preceding year's corresponding quarter, while the number of outlets increased by 39 from 556 to 595. Gross profit increased by RM11.94 million from RM47.86 million to RM59.79 million, while its margin, boosted by the improvement in product mix, improved to 34.3% from 33.9%. Revenue increase was principally contributed by the increase in number of outlets and improvement in the overall in-store sales as business and social activities in the country have normalised post pandemic. There was an increase in other income by RM0.76 million, mainly contributed by the government's Hiring Incentive Programme of RM0.43 million and net gain on disposal of investment property of RM0.15 million.

With the increase in business volume and activities, selling and distribution expenses increased from RM30.26 million to RM35.48 million, an increase of RM5.21 million or 17.2%. Meanwhile, other expenses increased by RM1.92 million or 10.9% from RM17.65 million to RM19.56 million. The increase was mainly due to the increase in depreciation of right-of-use assets and depreciation of property, plant and equipment of RM2.91 million, which was partially offset by the decrease in property, plant and equipment written-off of RM1.01 million. Finance costs increased by RM0.50 million or 21.8%, from RM2.30 million to RM2.80 million. This was mainly attributed to the increase in interest expense on lease liabilities from RM1.45 million to RM1.73 million and the increase in bank interest charges from additional bank borrowings of RM4.10 million, from RM85.17 million in the preceding year's corresponding quarter to RM89.27 million in the current quarter.

The rise in raw material prices and electricity surcharge have impacted the FPC's performance, increasing the loss from RM2.49 million to RM3.02 million. The jointly controlled entity, WH Smith, brought in a share of profit of RM0.39 million in the current quarter as compared to share of loss of RM0.33 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.

In summary, at a loss before taxation of RM5.58 million, Mynews second quarter 2023 performance has improved significantly by 50.9% as compared to the RM11.38 million loss of the corresponding quarter of the preceding year. 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 RM17.35 million as compared to RM8.02 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**

The current quarter's group result was negatively affected by Ramadan month and a shorter month in February. Revenue of RM174.20 million was lower by RM9.90 million or 5.4% as compared to that of the immediately preceding quarter of RM184.09 million. Gross profit decreased by RM2.50 million or 4.0%. However, the average gross profit margin improved to 34.3% from 33.8%, mainly contributed by a more efficient myNEWS and CU business operations and better inventory wastages control measures.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 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 an increase in other income by RM0.57 million, mainly contributed by the government's Hiring Incentive Programme of RM0.43 million and net gain on disposal of investment property of RM0.15 million in the current quarter. The current quarter's administration expenses of RM8.94 million is an increase of RM0.39 million or 4.5%, as compared to RM8.58 million in the immediately preceding quarter. This was mainly due to the annual salary revision exercise that took place in the current quarter. Other expenses increased by RM0.47 million or 2.5%, from RM19.10 million to RM19.56 million, mainly due to the increase in depreciation of right-of-use assets and property, plant and equipment written off.

Loss before taxation for the current quarter increased by RM2.73 million to RM5.58 million as compared to the immediately preceding quarter of RM2.85 million. The retail performance was impacted by the decrease in retail revenue in the fasting month of Ramadan and a shorter month of February. Consequently, the FPC's performance was also affected, with the loss increased to RM3.02 million from RM2.54 million in the immediately preceding quarter.

Earnings before interest, tax, depreciation (inclusive the depreciation of right-of-use assets) and amortisation (EBITDA) decreased by 12.5% to RM17.35 million in current quarter from RM19.82 million in the immediately preceding quarter.

**B3 PROSPECTS**

Currently, the group operates 615 outlets in total, made up of 463 myNEWS, 133 CU and 19 WHSmith outlets. The rate of growth in the number of new stores will be carefully managed against the current volatile economic environment. We expect the sales performance to improve from quarter to quarter driven by the growing store network and ongoing efforts in increasing the in-store sales through improving product mix and retail strategy. We expect the production volume of the FPC to grow in tandem with the increasing retail revenue at the front-end. Meanwhile, the recovery of air travel industry continues to boost the performance of WH Smith stores which are located in airports in the country.

The management expects the profitability in the short-term to remain challenging owing to the economic environment, increasing cost of business caused by inflation and the young CU business that has yet to breakeven.

In spite of the challenges, the management remains confident and optimistic of the longer term prospects underpinned by the strong retail brands, driven by internal talents that are relentless in improving and innovating the business and supported by essential infrastructure and technology that have been built over the years.

**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 SECOND QUARTER ENDED 30 APRIL 2023 (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 6 months ended	
	30 Apr 2023 RM'000	30 Apr 2022 RM'000	30 Apr 2023 RM'000	30 Apr 2022 RM'000
<b>Loss before tax is arrived at after charging:</b>				
Amortisation of intangible asset	104	104	208	208
Depreciation of property, plant and equipment	7,272	7,018	14,770	13,855
Depreciation of right-of-use assets	12,753	9,970	25,048	18,283
Property, plant and equipment written off	295	1,307	361	1,946
Interest expense	2,804	2,303	5,577	3,941
Net loss on disposal of property, plant and equipment	35	12	49	157
<b>And after crediting:</b>				
Dividend income from other investments	-	-	-	(1)
Net gain on disposal of investment property	(150)	-	(150)	-
Interest Income	(94)	(47)	(172)	(92)

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 6 months ended	
	30 Apr 2023 RM'000	30 Apr 2022 RM'000	30 Apr 2023 RM'000	30 Apr 2022 RM'000
<b>Current tax:</b>				
Provision for current period	162	65	294	131
<b>Deferred tax:</b>				
Provision for current period	2,010	-	3,483	-
Total tax expense	<u>2,172</u>	<u>65</u>	<u>3,777</u>	<u>131</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.



**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 APRIL 2023 (Cont'd)**
**B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)**
**B8 BORROWINGS AND DEBT SECURITIES**

The Group's borrowings as at 30 April 2023 are as follows:

	<b>Unaudited As at 30 Apr 2023 RM'000</b>	<b>Audited As at 31 Oct 2022 RM'000</b>
<b>Short term borrowings – Secured</b>		
Term loans	2,178	2,172
Revolving credit	18,199	22,840
Supplier financing	10,718	10,361
Banker acceptance	6,500	7,059
	37,595	42,432
<b>Long term borrowings – Secured</b>		
Term loans	21,559	22,639
Revolving credit	30,113	25,431
	51,672	48,070
<b>Total borrowings – Secured</b>		
Term loans	23,737	24,811
Revolving credit	48,312	48,271
Supplier financing	10,718	10,361
Banker acceptance	6,500	7,059
	89,267	90,502

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 SECOND QUARTER ENDED 30 APRIL 2023 (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		Cumulative Quarters	
	3 months ended		6 months ended	
	30 Apr 2023	30 Apr 2022	30 Apr 2023	30 Apr 2022
	RM'000	RM'000	RM'000	RM'000
Loss attributable to owners of the Company (RM'000)	(6,277)	(10,223)	(9,490)	(18,082)
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>(0.92)</u>	<u>(1.50)</u>	<u>(1.39)</u>	<u>(2.65)</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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