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BERJAYA

BERJAYA RETAIL BERHAD

(Company No.: 859832-P)
(Incorporated in Malaysia under the Companies Act, 1965)

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Berjaya Times Square
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PROSPECTUS



BERJAYA

BERJAYA RETAIL BERHAD

(Company No.: 859832-P)
(Incorporated in Malaysia under the Companies Act, 1965)



OFFER FOR SALE OF A MINIMUM OF 71,875,000 AND UP TO 101,875,000 ORDINARY SHARES OF RM0.50 EACH IN BERJAYA RETAIL BERHAD ("B-RETAIL") ("SHARES") COMPRISING:-

- A MINIMUM OF 61,875,000 AND UP TO 91,875,000 SHARES RESERVED FOR BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;
- 5,000,000 SHARES AVAILABLE FOR APPLICATION BY THE BUMIPUTERA PUBLIC;
- 3,000,000 SHARES RESERVED FOR APPLICATION BY THE MINORITY SHAREHOLDERS OF BERJAYA CORPORATION BERHAD ("BCORPORATION"); AND
- 2,000,000 SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC

OFFER FOR SALE OF 5,000,000 IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.50 EACH ("ICPS") AVAILABLE FOR APPLICATION BY THE DIRECTORS OF BOTH B-RETAIL AND BCORPORATION, AND THE ELIGIBLE EMPLOYEES OF B-RETAIL GROUP AND BCORPORATION GROUP

AT AN OFFER PRICE OF RM0.50 PER SHARE OR ICPS PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH THE LISTING OF B-RETAIL ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. PLEASE TURN TO SECTION 3 FOR "RISK FACTORS".

Adviser

AmInvestment Bank Berhad
(Company No. 23742-V)

A member of



AmInvestment Bank
Group

(A Participating Organisation of Bursa Malaysia Securities Berhad)

This Prospectus Is Dated 30 June 2010

RESPONSIBILITY STATEMENTS

THE DIRECTORS AND PROMOTERS OF BERJAYA RETAIL BERHAD ("**B-RETAIL**" OR THE "**COMPANY**") AND THE OFFEROR HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION. HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THE PROSPECTUS FALSE OR MISLEADING.

AMINVESTMENT BANK BERHAD (A MEMBER OF AMINVESTMENT BANK GROUP) BEING THE ADVISER, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE OFFERING.

STATEMENTS OF DISCLAIMER

AT THE EXTRAORDINARY GENERAL MEETING OF BERJAYA CORPORATION BERHAD ("**BCORPORATION**") HELD ON 28 OCTOBER 2009 THE SHAREHOLDERS OF BCORPORATION HAD APPROVED THE LISTING SCHEME AND HAD ALSO GIVEN THEIR APPROVAL FOR BCORPORATION TO DISTRIBUTE SHARES IN B-RETAIL BY WAY OF DIVIDEND-IN-SPECIE ON THE BASIS OF ONE (1) B-RETAIL SHARE FOR EVERY TEN (10) EXISTING BCORPORATION ORDINARY SHARES HELD, CREDITED AS FULLY PAID-UP ON THE ENTITLEMENT DATE ("**DIVIDEND-IN-SPECIE**")

THIS PROSPECTUS WILL ALSO BE DESPATCHED TO THE SHAREHOLDERS OF BCORPORATION WHOSE NAMES APPEAR ON BCORPORATION'S RECORD OF DEPOSITORS AND REGISTER OF MEMBERS AS AT THE ENTITLEMENT DATE PROVIDED THAT SUCH ENTITLED SHAREHOLDERS MAINTAIN AN ADDRESS IN MALAYSIA AS STATED IN BCORPORATION'S RECORD OF DEPOSITORS AND REGISTER OF MEMBERS AS AT THE ENTITLEMENT DATE.

THE SECURITIES COMMISSION ("**SC**") HAS APPROVED THE OFFER AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS, OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, THE COMPANY, OR ITS SECURITIES.

THE SUCCESSFUL LISTING OF OUR COMPANY ON BURSA SECURITIES IS SUBJECT TO VARIOUS REQUIREMENTS AND/OR CONDITIONS IMPOSED BY THE AUTHORITIES INCLUDING AMONGST OTHERS, THE MINIMUM 25% PUBLIC SPREAD REQUIREMENT AT THE POINT OF LISTING OF OUR COMPANY. THE FAILURE OF COMPLIANCE WITH ANY REQUIREMENT MAY CAUSE A DELAY IN THE LISTING OF OUR COMPANY OR CAUSE THE LISTING TO BE ABORTED. ACCORDINGLY, MONIES PAID IN RESPECT OF ANY APPLICATION ACCEPTED FROM THE IPO WILL BE RETURNED WITHOUT INTEREST IN THE EVENT OUR LISTING IS ABORTED. IF SUCH MONIES ARE NOT REPAYED WITHIN 14 DAYS AFTER B-RETAIL BECOMES LIABLE TO REPAY IT, THE PROVISION OF SUB-SECTION 243(2) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 ("CMSA") APPLIES.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249, AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

COPIES OF THIS PROSPECTUS MAY BE OBTAINED, SUBJECT TO AVAILABILITY, FROM OUR REGISTRARS, DETAILS OF WHICH CAN BE OBTAINED IN THE CORPORATE DIRECTORY OF THIS PROSPECTUS. THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM THE WEBSITE OF BURSA SECURITIES AT <http://www.bursamalaysia.com>. THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME.

INVESTORS MAY OBTAIN A COPY OF THE ELECTRONIC PROSPECTUS FROM THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT <http://www.eipocimb.com>, THE WEBSITE OF CIMB BANK BERHAD AT <http://www.cimbclicks.com.my>, THE WEBSITE OF MALAYAN BANKING BERHAD AT <http://www.maybank2u.com.my>, THE WEBSITE OF AFFIN BANK BERHAD AT <http://www.affinOnline.com>, AND THE WEBSITE OF RHB BANK BERHAD AT <http://www.rhbbank.com.my>, VIA HYPERLINK TO THE WEBSITE OF BURSA SECURITIES.

THE INTERNET IS NOT A FULLY SECURED MEDIUM. INTERNET APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION.

ANY INVESTORS WHO ARE IN DOUBT ABOUT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS SHOULD IMMEDIATELY REQUEST FROM B-RETAIL, MALAYSIAN ISSUING HOUSE SDN BHD OR THE ADVISER, A PAPER/PRINTED COPY OF THIS PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL. THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER/PRINTED COPY.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "**THIRD PARTY INTERNET SITES**") WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, INVESTORS ACKNOWLEDGE AND AGREE THAT:-

- (I) B-RETAIL DOES NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE THIRD PARTY INTERNET SITES. ACCORDINGLY, B-RETAIL IS NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. INVESTORS BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) B-RETAIL IS NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. B-RETAIL IS ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT THE DISCRETION AND RISK OF THE INVESTORS. B-RETAIL IS NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO THE INVESTORS' COMPUTER SYSTEMS OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, INVESTORS ARE ADVISED THAT:

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO ALL INVESTORS AND OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF THE ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS THAT INVESTORS OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN THE ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTERS, OPERATING SYSTEM OF OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

NEITHER 7-ELEVEN, INC. (USA) NOR ANY OF ITS SUBSIDIARIES, AFFILIATES, OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, ACCOUNTANTS, OR ATTORNEYS ARE IN ANY WAY PARTICIPATING IN, RECOMMENDING, APPROVING, OR ENDORSING THIS PROSPECTUS OR THE OFFERING OF SECURITIES UNDER THIS PROSPECTUS, ANY OF THE UNDERWRITING OR ACCOUNTING PROCEDURES USED IN THIS PROSPECTUS OR IN THE OFFERING, OR ANY REPRESENTATIONS MADE IN CONNECTION WITH THIS PROSPECTUS OR THE OFFERING. THE CONSENT OF 7-ELEVEN, INC. (USA) IS NOT INTENDED AS, AND SHOULD NOT BE INTERPRETED AS, AN EXPRESS OR IMPLIED APPROVAL, ENDORSEMENT OR ADOPTION OF ANY STATEMENT REGARDING ACTUAL FINANCIAL OR OTHER PERFORMANCE, OR FORWARD-LOOKING STATEMENTS WHICH MAY BE CONTAINED IN THIS PROSPECTUS NOR IN ANY OF B-RETAIL'S OTHER OFFERING MATERIALS. ALL OF THE INFORMATION IN THIS PROSPECTUS (INCLUDING BUT NOT LIMITED TO FORWARD-LOOKING STATEMENTS) WERE PREPARED BY, AND ARE THE SOLE RESPONSIBILITY OF, B-RETAIL, AND WERE NOT FURNISHED IN ANY RESPECT BY 7-ELEVEN, INC. (USA).

ANY REVIEW BY 7-ELEVEN, INC. (USA) OF THIS PROSPECTUS AND ANY OTHER OFFERING MATERIALS OR THE INFORMATION INCLUDED THEREIN HAS BEEN CONDUCTED SOLELY FOR THE BENEFIT OF 7-ELEVEN, INC. (USA) TO DETERMINE CONFORMANCE WITH 7-ELEVEN, INC. (USA)'S INTERNAL POLICIES, AND NOT TO BENEFIT OR PROTECT ANY OTHER PERSON. NO INVESTOR SHOULD INTERPRET SUCH REVIEW BY 7-ELEVEN, INC. (USA) AS AN APPROVAL, ENDORSEMENT, ACCEPTANCE OR ADOPTION OF ANY REPRESENTATION, WARRANTY, COVENANT OR FORWARD-LOOKING STATEMENT CONTAINED IN THE MATERIALS REVIEWED.

THE ENFORCEMENT OR WAIVER OF ANY OBLIGATION OF 7-ELEVEN MALAYSIA SDN BHD UNDER ANY AGREEMENT BETWEEN 7-ELEVEN MALAYSIA SDN BHD AND 7-ELEVEN, INC. (USA) IS A MATTER OF 7-ELEVEN, INC. (USA)'S SOLE DISCRETION. NO INVESTOR SHOULD RELY ON ANY REPRESENTATION, ASSUMPTION OR BELIEF THAT 7-ELEVEN, INC. (USA) WILL ENFORCE OR WAIVE PARTICULAR OBLIGATIONS OF 7-ELEVEN MALAYSIA SDN BHD UNDER SUCH AGREEMENTS.

INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our Company's entire issued and fully paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad is set out below:-

<u>Date</u>	<u>Event</u>
30 June 2010	: <ul style="list-style-type: none"> • Entitlement Date • Issue of Prospectus/opening date of the Initial Public Offering ("IPO")
22 July 2010	: Closing date of the IPO*
26 July 2010	: Tentative date for balloting of applications
12 August 2010	: Tentative date for crediting of IPO Securities and transfer of Shares pursuant to the Dividend-In-Specie
16 August 2010	: Tentative listing date

Note:-

- * Our Company's Directors in their absolute discretion may decide to extend the closing date of the IPO. Our Company will announce any extension of the closing date of the IPO to the public via notices in a widely circulated daily Bahasa Malaysia and English newspapers. Should there be an extension of the closing date of the IPO, our listing date will be deferred accordingly.

All references to "B-Retail" and "our Company" in this Prospectus are to Berjaya Retail Berhad. References to "we", "us", "our" and "ourselves" are to our Company, and where the context requires, includes our subsidiaries.

As a result of the Dividend-In-Specie, entitled shareholders of BCorporation will receive one (1) Share for every ten (10) existing BCorporation Shares held as at the Entitlement Date. The Shares will be credited into the CDS accounts of the entitled shareholders of BCorporation within one (1) market day prior to the Listing.

Shareholders of BCorporation who are entitled to the Dividend-In-Specie do not need to make any payment to receive the Shares to be distributed pursuant to the Dividend-In-Specie. Shareholders of BCorporation also do not need to take any action to receive the Dividend-In-Specie if the BCorporation Shares are already deposited into CDS accounts. If the shareholders of BCorporation are holding share certificates of BCorporation, please refer to Section 13 of this Prospectus for the procedures to receive the Dividend-In-Specie.

DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings:-

- 7-Eleven** : 7-Eleven Malaysia Sdn Bhd (120962-P), our Company's direct wholly-owned subsidiary
- 7-Eleven Group** : 7-Eleven and its subsidiaries, namely CSSSB, 7 Properties and Teluk Juara
- 7 Properties** : 7 Properties Sdn Bhd (299688-K) (formerly known as 7-Connect Sdn Bhd), our Company's indirect wholly-owned subsidiary
- Acquisition of 7-Eleven** : The acquisition of the entire issued and paid-up share capital of 7-Eleven, comprising 35,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM600,000,000 which was satisfied by the:
- (a) assumption by B-Retail of a sum of RM165,379,000 due from Premier Merchandise Sdn Bhd, the vendor, and its holding companies to 7-Eleven Group;
 - (b) issuance of 60,000,000 new Shares at the Issue Price; and
 - (c) issuance of 809,242,000 new units of ICPS at the Issue Price.
- Acquisition of 7-Eleven and Singer** : The Acquisition of 7-Eleven and Acquisition of Singer, collectively.
- Acquisition of Singer** : The acquisition of the entire issued and paid up share capital of Singer, comprising 235,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM360,000,000 which was satisfied by the:
- (a) assumption by B-Retail of a sum of RM45,905,000 due from BCorporation Group, the vendor group of companies, to Singer Group;
 - (b) issuance of 475,000,000 new Shares at the Issue Price; and
 - (c) issuance of 153,190,000 new units of ICPS at the Issue Price.
- ADA** : Authorised Depository Agent
- ADA Code** : ADA (Broker) Code
- Adviser** : AmInvestment Bank
- ALA** : Area License Agreement between 7-Eleven and 7-Eleven, Inc. (USA) dated 1 December 2003 and First Amendment to the said Area License Agreement dated 12 December 2006
- AmInvestment Bank** : AmInvestment Bank Berhad (23742-V), a member of AmInvestment Bank Group
- Application(s)** : The application for the IPO Shares by way of Application Forms or by way of Electronic Share Application or Internet Share Application

DEFINITIONS (CONT'D)

Application Form(s)	: The printed application form(s) for the application for the IPO Shares
ATM	: Automated Teller Machine
B-Retail or Company	: Berjaya Retail Berhad (859832-P)
B-Retail Group or Group	: B-Retail and its subsidiaries
BCorporation	: Berjaya Corporation Berhad (554790-X), a substantial shareholder of our Company
BCorporation Group	: BCorporation, its subsidiaries and associated companies
BCorporation ICULS	: 0% 10-year irredeemable convertible unsecured loan stocks 2005/2015 of RM0.50 nominal amount each in BCorporation
BCorporation Shares	: Ordinary shares of RM1.00 each in BCorporation
Biofield	: Biofield Sdn Bhd (230111-X), our Company's indirect wholly-owned subsidiary
Board or Directors	: Board of Directors of our Company
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
Cash Option	: Conversion of existing BCorporation ICULS into one (1) new BCorporation Share by tendering one (1) unit of BCorporation ICULS together with cash payment of RM0.50
CDC	: Combined Distribution Centre in Shah Alam, Selangor Darul Ehsan
CDS	: Central Depository System
Cosway	: Cosway Corporation Berhad (194949-H), a Promoter and substantial shareholder of our Company, and the Offeror
CSSSB	: Convenience Shopping (Sabah) Sdn Bhd (381437-U), our Company's indirect wholly-owned subsidiary
Dividend-In-Specie	: Distribution of dividend-in-specie of our Company's Shares by BCorporation on the basis of one (1) Share for every ten (10) BCorporation Shares held as at the Entitlement Date
EBITDA	: Earnings before interests, taxation, depreciation and amortization
Electronic Share Application	: Application for the IPO Shares through a Participating Financial Institution's ATM
Entitlement Date	: 30 June 2010, being the date on which the entitlements of the BCorporation shareholders under the Dividend-In-Specie is determined
EPS	: Earnings per share

DEFINITIONS (CONT'D)

FIC	: Foreign Investment Committee
FPE	: Twelve (12)-month financial period ended 31 December for Singer Group
FYE	: Financial year ended 30 April in respect of Singer Group and financial year ended 31 December in respect of 7-Eleven Group
ICPS	: 10-year irredeemable convertible preference share(s) of RM0.50 each in B-Retail
Internet Participating Financial Institution(s)	: Participating organization(s) in the Internet Share Application
Internet Share Application	: Application for the IPO Securities through an Internet Participating Financial Institution
IPO	: Initial public offering of the IPO Securities
IPO ICPS	: The 5,000,000 ICPS offered pursuant to the Offer For Sale
IPO Securities	: The IPO Shares and IPO ICPS collectively
IPO Shares	: The minimum of 71,875,000 Shares and up to 101,875,000 Shares offered pursuant to the Offer For Sale
Issue Price	: RM0.50 per Share
Listing	: Admission to the Official List and the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities
Listing Scheme	: The Acquisition of 7-Eleven and Singer, Dividend-In-Specie, Offer For Sale and Listing, collectively
LPD	: 18 May 2010, being the latest practicable date prior to the publication of this Prospectus by our Company
Main Market Listing Requirements	: Bursa Securities' Main Market Listing Requirements
Malaysian Public	: Citizens of Malaysia, and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	: A day in which Bursa Securities is open for trading
Maximum Dividend Scenario	: The scenario based on the assumption that all outstanding BCorporation ICULS held by parties other than subsidiaries of BCorporation (excluding Berjaya Sompo Insurance Berhad) as at 25 May 2010 are converted in full under the Cash Option prior to the Entitlement Date
MIH or Issuing House	: Malaysian Issuing House Sdn Bhd (258345-X)
Minimum Dividend Scenario	: The scenario based on the BCorporation Shares in issue as at 25 May 2010 and assuming that none of the outstanding BCorporation ICULS are converted into BCorporation Shares prior to the Entitlement Date

DEFINITIONS (CONT'D)

Minority Shareholders of BCorporation	: Shareholders of BCorporation holding less than 5% equity interest in BCorporation and whose names appear on BCorporation's Record of Depositors as at the Entitlement Date
MITI	: Ministry Of International Trade And Industry
NA	: Net Assets
NTA	: Net tangible assets
NTL	: Net tangible liabilities
Offer For Sale	: The offer for sale by the Offeror of a minimum of 71,875,000 and up to 101,875,000 Shares and 5,000,000 ICPS at the offer price of RM0.50 each payable in full upon application, subject to the terms and conditions of this Prospectus, in conjunction with the listing of our Company on the Main Market of Bursa Securities
Offer Price	: RM0.50 per Share
Offeror	: Cosway
Official List	: The list specifying all securities listed on the Main Market of Bursa Securities
Participating Financial Institution(s)	: The participating financial institutions for Electronic Share Application as listed in Section 13 of this Prospectus
Parties Relating to TSVT	: Cosway, Premier Merchandise Sdn Bhd and investee companies of TSVT
PE	: Price-earnings
PERNAMA	: Perwira Niaga Malaysia
Proforma FYE 2007	: FYE 2007 for 7-Eleven Group and FYE 2008 for Singer Group, collectively
Proforma FYE 2008	: FYE 2008 for 7-Eleven Group and FYE 2009 for Singer Group, collectively
Proforma FYE 2009	: FYE 2009 for 7-Eleven Group and FPE 2009 for Singer Group, collectively
Promoter(s)	: Promoter(s) of our Company as set out in Section 5.1 of this Prospectus
R&D	: Research and development
Record of Depositors	: A record provided by the Central Depository to our Company under Chapter 24.0 of the Rules
RM and sen	: Ringgit Malaysia and sen respectively
Rules	: Rules of Bursa Depository
SC	: Securities Commission

DEFINITIONS (CONT'D)

SC Guidelines	: Equity Guidelines issued by the SC
Securities	: The Shares and ICPS collectively
Share(s)	: Ordinary shares of RM0.50 each in B-Retail
Singer	: Singer (Malaysia) Sdn Bhd (97871-K), our Company's direct wholly-owned subsidiary
Singer Group	: Singer and its subsidiary, Biofield
SKU	: 7-Eleven Group's stock keeping unit
Teluk Juara	: Teluk Juara Sdn Bhd (246986-X), our Company's indirect wholly-owned subsidiary
TSVT	: Tan Sri Dato' Seri Vincent Tan Chee Yioun, a Promoter and substantial shareholder of our Company
USA	: United States Of America

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Profession	Nationality
Tan Sri Dato' Tan Kok Ping (Independent Non-Executive Chairman)	10, Jalan Jesselton 10450 Georgetown Pulau Pinang	Company Director	Malaysian
Ng Su Onn (Non-Independent Executive Director)	123, Jalan SS22/32 Damansara Jaya 47400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Yeap Dein Wah (Non-Independent Executive Director)	31, Jalan SS7/3 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Chan Kien Sing (Non-Independent Non-Executive Director)	3, Jalan TR4/1 Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Tan U-Ming (Non-Independent Non-Executive Director)	28, Jalan Bukit Seputeh Seputeh Heights Taman Seputeh 58000 Kuala Lumpur	Company Director	Malaysian
Dato' Azlan Meah Bin Hj Ahmed Meah (Non-Independent Non-Executive Director)	4, Jalan Firus 4 7/7D Seksyen 7 40000 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian
Loh Chen Peng (Independent Non-Executive Director)	11-6-3 Desa Damansara 99, Jalan Setiakasih Bukit Damansara 50490 Kuala Lumpur	Company Director	Malaysian
Azhar bin Mohamad (Independent Non-Executive Director)	22A, Jalan PJU 1A/25A Ara Damansara 47301 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Loh Chen Peng	Chairman	Independent Non-Executive Director
Azhar Bin Mohamad	Member	Independent Non-Executive Director
Chan Kien Sing	Member	Non-Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : Su Swee Hong (MAICSA 0776729)
113, Persiaran Zaaba
Taman Tun Dr Ismail
60000 Kuala Lumpur
- Wan Foong Yee (MAICSA 7025376)
13, Jalan Muhibbah 12
Taman Muhibbah
43300 Seri Kembangan
Selangor Darul Ehsan
- REGISTERED OFFICE** : Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Telephone No: 03-2149 1999
Website: www.berjaya.com
- HEAD/MANAGEMENT OFFICE** : **7-Eleven Group**
Level 3A, Podium Block
Plaza Berjaya
12, Jalan Imbi
55100 Kuala Lumpur
Telephone No: 03-2142 1136
Email: contactus@7eleven.com.my
Website: www.7eleven.com.my
- Singer Group**
Bangunan Singer
Lot 6, Jalan 51/217
Section 51
46050 Petaling Jaya
Selangor Darul Ehsan
Telephone No: 03-7985 9090
Email: contactus@singer.com.my
Website: www.singer.com.my
- AUDITORS AND REPORTING ACCOUNTANTS** : Messrs Ernst & Young (AF0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
- SOLICITORS** : Messrs Lee Choon Wan & Co
Advocates & Solicitors
12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
- ADVISER** : AmInvestment Bank Berhad (23742-V)
(a member of AmInvestment Bank Group)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur

CORPORATE DIRECTORY (CONT'D)

- PRINCIPAL BANKERS** : AmBank (M) Berhad (8515-D)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
- Malayan Banking Berhad (3813-K)
Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
- RHB Bank Berhad (6171-M)
Level 10, Tower One
RHB Centre, Jalan Tun Razak
50400 Kuala Lumpur
- Affin Bank Berhad (25046-T)
17th Floor, Menara Affin
80, Jalan Raja Chulan
50200 Kuala Lumpur
- Alliance Bank Malaysia Berhad (88103-W)
Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
- REGISTRARS** : Berjaya Registration Services Sdn Bhd (293743-X)
Lot 06-03 Level 6, East
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
- INDEPENDENT BUSINESS AND
MARKET RESEARCH
CONSULTANTS** : Vital Factor Consulting Sdn Bhd (266797-T)
75C & 77C
Jalan SS22/19
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
- LISTING SOUGHT** : Main Market of Bursa Malaysia Securities Berhad

1. INFORMATION SUMMARY

THE FOLLOWING INFORMATION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. YOU SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN OUR COMPANY'S SECURITIES.

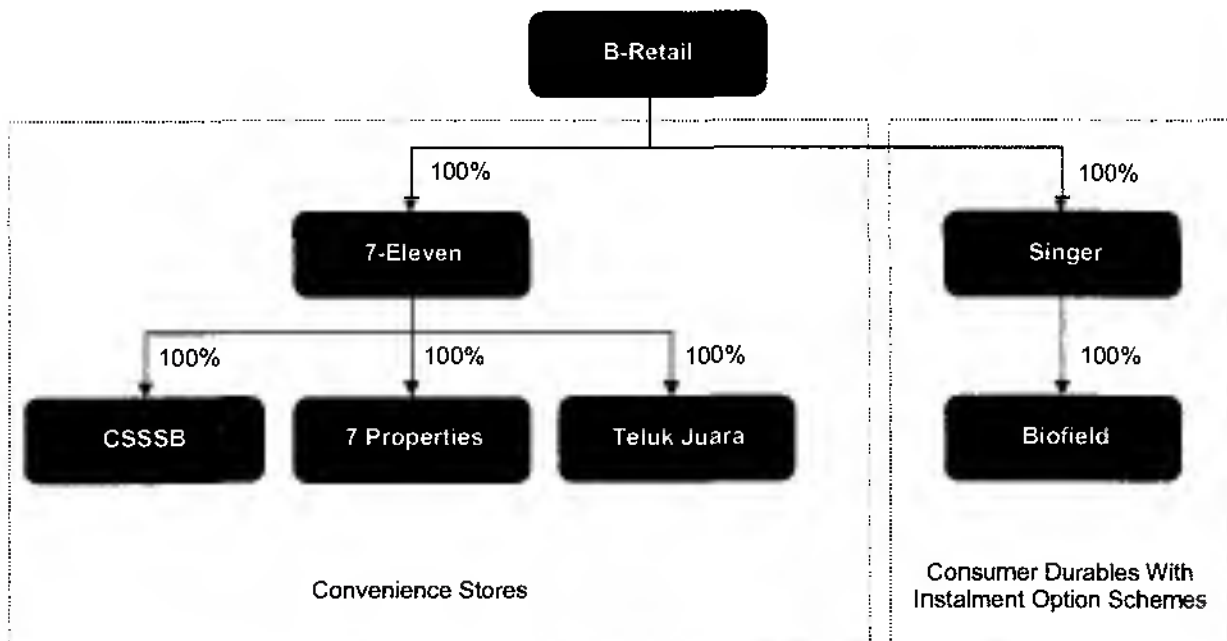
1.1 Background Information On Our Group

Our Company was incorporated in Malaysia on 8 June 2009 under the Companies Act, 1965 as a private limited company under the name of Berjaya Retail Sdn Bhd. On 29 September 2009, our Company was converted into a public limited company.

Our Group is principally involved in the following businesses:-

- (a) operation of a chain of convenience stores via 7-Eleven Group; and
- (b) marketing and direct selling of consumer durables with instalment option schemes via Singer Group.

Our Group's corporate structure is depicted below:-



Further details on our Group's history and business are set out in Section 4 of this Prospectus.

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1. INFORMATION SUMMARY (CONT'O)**1.2 Promoters, Substantial Shareholders And Directors**

Our Company's Promoters and substantial shareholders are as follows:-

Promoters And Substantial Shareholders	Promoters	Substantial Shareholders
<ul style="list-style-type: none"> • TSVT • Premier Merchandise Sdn Bhd • Hotel Resort Enterprise Sdn Bhd • Cosway • HQZ Credit Sdn Bhd 	<ul style="list-style-type: none"> • Superior Structure Sdn Bhd • Sublime Cartel Sdn Bhd • B & B Enterprise Sdn Bhd • Nostalgia Kiara Sdn Bhd • Berjaya Times Square Sdn Bhd • Berjaya Assets Berhad (formerly known as Matrix International Berhad) • Desiran Unggul Sdn Bhd • Gemtech (M) Sdn Bhd • Nautilus Corporation Sdn Bhd • Lengkap Bahagia Sdn Bhd • Berjaya Media Berhad • Tan Sri Dato' Tan Chee Sing • Puan Sri Datin Chan Shao Tsiu • Dato' Robin Tan Yeong Ching • Datin Leow Huei Hsien • Rayvin Tan Yeong Sheik • Tan U-Ming • Morvin Tan U-Jiang 	<ul style="list-style-type: none"> • UBS AG • Intan Utilities Berhad • Vista Meranti Sdn Bhd • Global Empires Sdn Bhd • Garima Holdings Sdn Bhd • Juara Sejati Sdn Bhd • Berjaya Group Berhad • BCorporation • Goldman Sachs Group, Inc.

The Directors of our Company are as listed below:-

Name	Designation
Tan Sri Dato' Tan Kok Ping	Independent Non-Executive Chairman
Ng Su Onn	Non-Independent Executive Director
Yeap Dein Wah	Non-Independent Executive Director
Chan Kien Sing	Non-Independent Non-Executive Director
Tan U-Ming	Non-Independent Non-Executive Director
Dato' Azian Meah Bin Hj Ahmed Meah	Non-Independent Non-Executive Director
Loh Chen Peng	Independent Non-Executive Director
Azhar Bin Mohamad	Independent Non-Executive Director

Details of our Company's Promoters, substantial shareholders and Directors are set out in Section 5 of this Prospectus.

1.3 Salient Information On The Listing Scheme

The IPO entails an offer for sale of a minimum of 71,875,000 Shares and up to 101,875,000 Shares and 5,000,000 ICPS at the Offer Price.

The Offer For Sale is expected to raise gross proceeds of between RM38,437,500 and RM53,437,500, which will all accrue to the Offeror.

Further information on the Listing Scheme is set out in Section 2 of this Prospectus.

1. INFORMATION SUMMARY (CONT'D)

1.4 Risk Factors

In evaluating an investment in the IPO Securities, you should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks set out below. Further details of the risk factors are set out in Section 3 of this Prospectus.

i) Risks In Respect Of The Offer For Sale:-

- a) There may be a delay in the listing of our Company or the listing may be aborted;
- b) There is no prior market for our Company's Securities, and an active market for the Securities may not develop; and
- c) The market prices of our Company's Securities are subject to capital market risks, which could result in the value of your investment in the Securities to decline.

ii) Risks In Respect Of Our Group's Operations And Financial Performance:-

General Risks Relating To Our Group

- a) Our Group is affected by political, economic and legislative factors that are beyond our Group's control;
- b) Our Group's performance is dependent on consumer spending patterns;
- c) Our Group relies on the continued employment and performance of our Board of Directors and senior management personnel;
- d) Material adverse changes to the reputability of the "7-Eleven" and/or "Singer" brand names in Malaysia or other countries may materially and adversely affect our Group's business and profitability;
- e) Disruption in supplies from key suppliers may adversely affect our Group;
- f) There is no assurance that our Group's plans and strategies would be successfully implemented, and that they would contribute positively to our Group's profitability; and
- g) Risks associated with borrowings.

Specific Risks Relating To 7-Eleven Group

- a) Licence risk;
- b) Competition in the retailing and convenience store industry;
- c) Sales cycles of perishable products;
- d) Security risks; and
- e) High turnover of store operations staff
- f) Low margins recorded by the 7-Eleven Group

Specific Risks Relating To Singer Group

- a) Licence risk;
- b) Competition in the business of direct selling of consumer durables with instalment option schemes; and
- c) Recoverability of debts is inherently uncertain.

iii) Our largest shareholder will have control of certain matters requiring shareholders' approvals.

iv) Risks in respect of forward-looking statements.

1. INFORMATION SUMMARY (CONT'D)**1.5 Financial Highlights****1.5.1 Proforma Historical Consolidated Financial Information**

The following table sets out a summary of our Group's proforma consolidated results, which is presented for illustrative purposes only, on the assumption that our Group has been in existence throughout the years/period under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 8.1 of this Prospectus.

	←-----12 Months----->		
	Proforma FYE 2007 (RM'000)	Proforma FYE 2008 (RM'000)	Proforma FYE 2009 (RM'000)
Revenue	1,260,577	1,461,763	1,542,183
Gross profit	385,821	452,435	490,477
EBITDA	80,650	100,408	104,972
Other income	85,092	90,582	104,601
Less: Elimination of interest income ^(a)	(313)	(4,610)	(12,998)
	84,779	85,972	91,603
Finance costs	(22,654)	(22,768)	(23,627)
Share of profits/losses of associates and joint ventures	-	-	-
Profit before taxation	30,836	44,836	47,059
Tax expense	(1,093)	(3,177)	(12,601)
Profit for the year	29,743	41,659	34,458
Profit attributable to equity holders of the parent	29,743	41,659	34,458
Profit attributable to minority interest	-	-	-
	29,743	41,659	34,458
Gross profit margin (%)	30.61	30.95	31.80
Profit before taxation margin (%)	2.45	3.07	3.05
Profit margin (%)	2.36	2.85	2.23
Basic EPS (Sen) ^(b)	1.99	2.78	2.30

Notes:-

- (a) Elimination of interest income from B-Retail to the 7-Eleven Group at the Proforma B-Retail Group level as a result of the assumption of debts pursuant to the Acquisition of 7-Eleven
- (b) Based on 1,497,432,004 Securities upon listing (including 962,432,000 units of mandatorily convertible instrument/ICPS).

After completion of this Listing, our Company, 7-Eleven Group and Singer Group will adopt the same financial year end, i.e 31 December.

The profit for the year of the 7-Eleven Group and Singer Group are on an upward trend throughout the financial years / financial periods under review, as set out in Sections 8.2.2 and 8.2.3 of this Prospectus. However, at the Proforma B-Retail Group level, profit for the year decreased from RM41.7 million in Proforma FYE 2008 to RM34.5 million in Proforma FYE 2009 due to the elimination of interest income from B-Retail to the 7-Eleven Group at the Proforma B-Retail Group level.

1. INFORMATION SUMMARY (CONT'D)

The elimination of the interest income and expenses at the Proforma B-Retail Group level has reduced the profit for the year of the Group in Proforma FYE 2009 by RM13.0 million, from RM47.46 million to RM34.46 million. Consequently the basic price-earnings multiple of the Proforma B-Retail Group has increased to 21.7 times (from 15.8 times, prior to the elimination of interest income).

The basic EPS as calculated above takes into account both the elimination of interest income at the Proforma B-Retail Group level as well as the potential dilution in EPS in the event that all the 962,432,000 ICPS are fully converted.

The Board of Directors of our Company has confirmed its confidence of maintaining at least the same level of consolidated profit after taxation for the financial year ending 31 December 2010 as that for the Proforma FYE 2009 as the growth prospects of 7-Eleven Group is expected to improve further with the full implementation of its franchise programme as well as freeing-up capital for reinvestment. The franchise programme, which aims to provide a sense of "ownership" to the franchisees, is also anticipated to drive revenue and profits of the B-Retail Group. Other sources of growth are through the increased number of 7-Eleven company operated convenience stores.

Also taking into account the future prospects and earnings potential of our Group, as set out in Section 4.4 of this Prospectus and our competitive advantages set out in Section 4.2.2 of this Prospectus as well as our Group's dedication to implement the future plans of our Group, such as enhancing the operating models of 7-Eleven Group and Singer Group, expanding the Group's products and services offering as well as expanding the distribution networks of the 7-Eleven Group and Singer Group as set out in Section 4.3 of this Prospectus, our Board of Directors is confident that the abovementioned factors will further improve our Group's future earnings capacity post listing.

1.5.2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2009

The following information is extracted from the proforma consolidated financial information set out in Section 8.1 of this Prospectus and should be read in conjunction with the notes thereto.

Minimum Dividend Scenario

	Audited as at 31 December 2009 (RM'000)	Proforma Upon Listing (RM'000)
Non-current assets	-	261,336
Current assets	-	553,172
Current liabilities	(2,327)	(610,382)
	(2,327)	204,126
FINANCED BY:-		
Ordinary share capital	#	267,500
ICPS	-	419,603
(Accumulated losses)/Retained earnings	(2,327)	39,664
Merger deficit	-	(690,000)
	(2,327)	36,767
Non-current and deferred liabilities	-	167,359
	(2,327)	204,126
Number of Shares in issue (including equity component of mandatorily convertible instrument) ('000)	#	1,387,669
(NTL)/NTA ^(a)	(2,327)	33,167
(NTL)/NTA per Share (RM) ^(b)	(581,750)	0.02

1. INFORMATION SUMMARY (CONT'D)**Notes:-**

RM2 comprising four (4) then existing Shares.

^(a) NTA is arrived at after deducting intangible assets and prepaid land lease premiums.^(b) NTA per Share is computed based on NTA attributable to equity holders of our Company divided by number of Shares in issue (including equity component of mandatorily convertible instrument / ICPS).**Maximum Dividend Scenario**

	Audited as at 31 December 2009 (RM'000)	Proforma Upon Listing (RM'000)
Non-current assets	-	261,336
Current assets	-	553,172
Current liabilities	(2,327)	(610,382)
	(2,327)	204,126
FINANCED BY:-		
Ordinary share capital	#	387,500
ICPS	-	314,968
(Accumulated losses)/Retained earnings	(2,327)	39,664
Merger deficit	-	(690,000)
	(2,327)	52,132
Non-current and deferred liabilities	-	151,994
	(2,327)	204,126
Number of Shares in issue (including equity component of mandatorily convertible instrument) ('000)	#	1,415,040
(NTL)/NTA ^(a)	(2,327)	48,532
(NTL)/NTA per Share (RM) ^(a)	(581,750)	0.03

Notes:-

RM2 comprising four (4) then existing Shares.

^(a) NTA is arrived at after deducting intangible assets and prepaid land lease premiums.^(b) NTA per Share is computed based on NTA attributable to equity holders of our Company divided by number of Shares in issue (including equity component of mandatorily convertible instrument / ICPS).

Further details on the information set out above are set out in Section 8 of this Prospectus.

1.6 Auditors' Qualification

As set out in Section 8.1 of this Prospectus, the auditors' reports on the financial statements of all the companies within our Group for the past three (3) financial years were not subject to any qualifications or modifications other than the qualified opinion for Singer and its subsidiary for the financial year ended 31 December 2009.

The financial statements for FPE 2009 of Singer have been prepared to be used solely for the preparation of the Accountants' Report set out in Section 9 of this Prospectus. Consequently, no consolidated financial statements of Singer have been prepared for FPE 2009 as the directors of Singer are of the opinion that the preparation of consolidated financial statements would not be of value for the purpose for which the current financial statements have been prepared. This is not in accordance with the requirements of FRS 127: Consolidated and Separate Financial Statements. The Auditors have accordingly qualified their report.

2. PARTICULARS OF THE OFFERING

This Prospectus is dated **30 June 2010**.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the application forms, has also been lodged with the Registrar Of Companies who takes no responsibility for its contents.

The SC's approval for the listing of our Company as set out in Section 6 of this Prospectus, shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

We have obtained Bursa Securities' approval for admission to the Official List and for the listing of and quotation for our Company's entire issued and fully paid-up share capital on the Main Market of Bursa Securities, as set out in Section 6 of this Prospectus.

Bursa Securities assumes no responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of the merits of our Group or merits of our Company's Securities.

The successful listing of our Company on Bursa Securities is subject to various requirements and/or conditions imposed by the authorities including amongst others, the minimum 25% public spread requirement at the point of listing of our Company. The failure of compliance with any requirement may cause a delay in the listing of our Company or cause the listing to be aborted. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned without interest in the event our listing is aborted. If any such monies are not repaid within fourteen (14) days after we become liable to repay it, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Company's Securities as a prescribed security. In consequence thereof, the IPO Securities offered through this Prospectus will be deposited with Bursa Depository directly. Any dealings in our Company's Securities will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

Every applicant must have a CDS Account.

All enquiries in respect of the Application Forms for IPO Shares made available for application by the Bumiputera and Malaysian public may be directed to MIH, whilst enquiries in respect of the Application Forms for the IPO Shares reserved for application by the Minority Shareholders Of BCorporation may be directed to the share registrar of BCorporation, Berjaya Registration Services Sdn Bhd. Notwithstanding the aforementioned, investors should note that the information relevant to an investment in our Company's Securities are contained in this Prospectus.

Please note that this Prospectus shall not represent or imply that there has been no change in our Group's affairs since the issuance of this Prospectus.

The IPO is only intended to be made available in Malaysia or to any person in Malaysia. The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for, or an offer to sell the IPO Securities, in any jurisdiction in which such invitation or offer is not authorised or lawful or to any person to whom it is unlawful to make such invitation or offer.

If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers

2. PARTICULARS OF THE OFFERING (CONT'D)

2.1 Purposes Of The Listing And The Offer For Sale

Our Board believes that the listing of our Company on Bursa Securities will:-

- (a) enable our Company to acquire two well known consumer retailing companies namely "7-Eleven" and "Singer" with proven business models and extensive distribution networks;
- (b) enable the public to participate in the anticipated growth and future prospects of Singer's and 7-Eleven's businesses, through a direct investment in B-Retail Securities;
- (c) enable us to gain access to the capital markets should we wish to raise funds for our further expansion and continued growth;
- (d) enhance our Group's corporate profile and visibility through our listed status; and
- (e) provide an opportunity for investors to participate directly in our continued growth.

The Offer For Sale is envisaged to enable our Company to comply with the Bumiputera equity requirement for public listed companies and the public shareholding spread requirement.

2.2 Listing Scheme

In conjunction with and as an integral part of the listing of and quotation for our Company's entire issued and fully paid-up share capital on the Main Market of Bursa Securities, the following transactions have been/will be undertaken:-

i) Acquisition of 7-Eleven and Singer

On 14 June 2010, our Company acquired the entire issued and paid-up share capital of 7-Eleven comprising 35,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM600,000,000 which was satisfied in the following manner:-

- assumption by our Company of a sum of RM165,379,000 due from Premier Merchandise Sdn Bhd, the vendor, and its holding companies to 7-Eleven Group;
- issuance of 60,000,000 new Shares at an issue price of RM0.50 each; and
- issuance of 809,242,000 new units of ICPS at an issue price of RM0.50 each.

On the same date, our Company also acquired the entire issued and paid-up share capital of Singer comprising 235,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM360,000,000 which was satisfied in the following manner:-

- assumption by our Company of a sum of RM45,905,000 due from BCorporation Group, the vendor group of companies, to Singer Group;
- issuance of 475,000,000 new Shares at an issue price of RM0.50 each; and
- issuance of 153,190,000 new units of ICPS at an issue price of RM0.50 each.

Please refer to Section 2.8 of this Prospectus for further details on the debts assumed by our Company pursuant to the Acquisition of 7-Eleven and Singer.

2. PARTICULARS OF THE OFFERING (CONT'D)

ii) Dividend-In-Specie By BCorporation

The board of directors of BCorporation had announced a dividend-in-specie of our Company's Shares on the basis of one (1) Share for every ten (10) ordinary shares held in BCorporation as at the Entitlement Date. The Shares will be credited into the CDS Accounts of the entitled shareholders of BCorporation prior to the listing of our Company on the Main Market of Bursa Securities.

iii) Offer For Sale Of Our Company's Securities

The Offeror will offer for sale a minimum of 71,875,000 and up to 101,875,000 Shares and 5,000,000 ICPS at the offer price of RM0.50 each, to be allocated in the following manner:-

- (a) a minimum of 61,875,000 and up to 91,875,000 Shares reserved for Bumiputera investors approved by MITI;
- (b) 5,000,000 Shares available for application by the Bumiputera public via balloting;
- (c) 3,000,000 Shares reserved for application by the Minority Shareholders Of BCorporation;
- (d) 2,000,000 Shares available for application by the Malaysian public via balloting; and
- (e) 5,000,000 ICPS available for application by the Directors of our Company and BCorporation as well as the eligible employees of our Group and BCorporation Group.

The IPO Shares which are not taken up by the Bumiputera investors approved by MITI will be made available for application by the Bumiputera public via balloting. Subsequently, any IPO Shares which are not taken up, will remain with the Offeror.

Any ICPS which are not taken up by eligible Directors of our Company and BCorporation and the eligible employees of our Group and BCorporation Group will be reoffered to the other eligible Directors of our Company and BCorporation and the eligible employees of our Group and BCorporation Group who participated in this category. Subsequently, any ICPS reoffered which are not taken up, will remain with the Offeror.

The allocation of the IPO Shares takes into account the desirability of distributing the IPO Shares to a reasonable number of applicants with a view of broadening our Company's shareholding base, to meet the public spread requirement of Bursa Securities and Bumiputera equity requirement for public listed companies, and to establish a liquid and adequate market for our Company's Shares. As such, the minimum subscription in terms of number of shares to be subscribed will be such number of Shares required to be held by public shareholders for our Company to comply with Bursa Securities' public spread requirement.

The 5,000,000 ICPS reserved for application by all of the eight (8) Directors of our Company, twelve (12) directors of BCorporation and approximately 1,068 eligible employees of our Group and BCorporation Group, have been allocated based on position, length of service and contribution to our Group and BCorporation Group, as approved by our Board and the board of directors of BCorporation.

2. PARTICULARS OF THE OFFERING (CONT'D)

However, three (3) directors of B Corporation and one (1) Director of our Company, all of whom are persons connected to TSVT, have via letters dated 10 November 2009 and 19 November 2009, voluntarily withdrawn from applying for any ICPS which have been allocated to them to provide more ICPS for their fellow employees to subscribe.

As a result of the above, allocations to our Company's Directors are as follows:-

Name	Designation	No. Of ICPS
Tan Sri Dato' Tan Kok Ping	Independent Non-Executive Chairman	Up to 100,000
Ng Su Onn	Non-Independent Executive Director	Up to 100,000
Yeap Dein Wah	Non-Independent Executive Director	Up to 100,000
Chan Kien Sing	Non-Independent Non-Executive Director	Up to 100,000
Tan U-Ming	Non-Independent Non-Executive Director	Note (1)
Dato' Azlan Meah Bin Hj Ahmed Meah	Non-Independent Non-Executive Director	Up to 100,000
Loh Chen Peng	Independent Non-Executive Director	Up to 100,000
Azhar Bin Mohamad	Independent Non-Executive Director	Up to 100,000

Note:-

(1) *Mr Tan U-Ming has voluntarily withdrawn from applying for any ICPS which have been allocated to him.*

Details of the Offeror are set out below:-

(a) Address of the Offeror

The registered address of the Offeror is as stated in the Corporate Directory of this Prospectus.

(b) Relationship With Our Group Within The Past Three (3) Years

The Offeror was the holding company of Singer prior to the Acquisition of Singer by our Company.

(c) Number of Shares and ICPS Held by the Offeror in B-Retail

No. of Shares held upon completion of Acquisition of 7-Eleven and Singer		Offer For Sale*		Shareholdings In Our Company Upon Listing [^]	
No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
475,000,000	88.8 ⁽¹⁾	71,875,000	13.4 ⁽¹⁾	78,904,331	12.8 ⁽¹⁾

No. of ICPS held upon completion of Acquisition and 7-Eleven and Singer		Offer For Sale*		ICPS Holdings In Our Company Upon Listing [^]	
No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
153,190,000	15.9 ⁽²⁾	5,000,000	0.5 ⁽²⁾	68,190,000	15.4 ⁽²⁾

2. PARTICULARS OF THE OFFERING (CONT'D)

Notes:-

- * *Based on the Minimum Dividend Scenario*
- ^ *Based on the Minimum Dividend Scenario, assuming that none of the outstanding BCorporation ICULS as at 25 May 2010, are converted into BCorporation Shares. The shareholding of the Offeror in B-Retail upon Listing will depend upon the number of Shares to be distributed pursuant to the Dividend-In-Specie and the number of ICPS converted prior to Listing. For illustration purposes, the above shareholdings were arrived at after taking into account a Dividend-In-Specie of 404,220,669 Shares to BCorporation shareholders as well as the assumption that 80 million ICPS were converted by Cosway in order to ensure adequate Shares for the Offer For Sale.*
- (1) *Calculated based on a total of 535,000,004 Shares*
- (2) *Calculated based on a total of 962,432,000 ICPS*

If necessary, Cosway will convert the requisite number of B-Retail ICPS into new B-Retail Shares to ensure that there will be adequate Shares for the Offer For Sale.

iv) Listing Of And Quotation For Our Company's Securities

Approval from Bursa Securities has been obtained for the admission of our Company's Securities to the Official List, and the listing of and quotation for our Company's issued and fully paid-up Shares and ICPS on the Main Market of Bursa Securities, as set out in Section 6 of this Prospectus.

2.3 Basis Of Arriving At The Offer Price

The Offer Price of RM0.50 for each Share and ICPS was determined and agreed upon by our Company and AmInvestment Bank as Adviser after taking into consideration, amongst others, the following factors: -

- (i) Our Group's financial operating history and conditions and financial position as outlined in Section 8 of this Prospectus;
- (ii) The business growth potential, future plans, strategies and prospects of our Group as set out in Section 4.3 and Section 4.4 of this Prospectus;
- (iii) The theoretical valuation of the ICPS;
- (iv) Outlook of the retailing industry on convenience store operations and direct selling of consumer durables in Malaysia as set out in Section 10 of this Prospectus;
- (v) Competitive advantages as set out in Section 4.2.2 of this Prospectus; and
- (vi) The historical basic price-earnings multiple of 21.7 times based on our proforma Group's profit after taxation as at 31 December 2009 of RM34.46 million and our fully diluted enlarged issued and paid-up share capital comprising 1,497,432,004 Shares (assuming full conversion of the 962,432,000 ICPS issued pursuant to the Acquisition of 7-Eleven and Singer).

The Offer Price, which is also based on the par value of each B-Retail Share and ICPS, represents a premium of RM0.47 to our Company's proforma consolidated net assets as at 31 December 2009 of RM0.03 per Share, after adjusting for the Acquisition of 7-Eleven and Singer.

2. PARTICULARS OF THE OFFERING (CONT'D)

For information purposes, the theoretical valuation of the ICPS is estimated at RM0.45 per ICPS, based on the Discounting Cash Flow approach, as well as Trinomial and Black-Scholes Model after taking into consideration amongst others, the dividend rates of the ICPS, equity and debt structure of B-Retail Group, the relevant market interest, the inflation rates, the "convertability" feature of the ICPS at any Market Day from the issuance date of the ICPS up to the Maturity Date, as well as the mandatory conversion feature on Maturity Date itself. Further details on the ICPS are as set out in Section 2.4.2 of this Prospectus.

The Board of B-Retail is of the opinion that the issue price of the ICPS of RM0.50 each is deemed to be at fair value on the initial recognition in the balance sheet. However, the fair value of ICPS may change over time and is largely dependent on the market value of the B-Retail Shares.

You should note that the market prices of our Company's Securities upon listing on Bursa Securities are subject to the vagaries of market forces and other uncertainties which may affect the prices of the Securities when they are traded.

2.4 Share Capital

	Ordinary Shares		ICPS	
	No. Of Shares	RM	No. Of ICPS	RM
Authorised share capital	6,000,000,000	3,000,000,000	4,000,000,000	2,000,000,000
Minimum Scenario:				
Issued and fully paid-up share capital upon completion of the Acquisition of 7-Eleven and Singer	535,000,004	267,500,002	962,432,000	481,216,000
Existing Securities to be offered pursuant to the Offer For Sale	71,875,000	35,937,500	5,000,000	2,500,000
Existing Shares to be distributed pursuant to the Dividend-In-Specie	404,220,669*	202,110,335	-	-
Maximum Scenario:				
Issued and fully paid-up share capital upon completion of the Acquisition of 7-Eleven and Singer	775,000,004	387,500,002	722,432,000	361,216,000
Existing Securities to be offered pursuant to the Offer For Sale	101,875,000	50,937,500	5,000,000	2,500,000
Existing Shares to be distributed pursuant to the Dividend-In-Specie	467,133,435 [^]	233,566,718	-	-

Notes:

* Based on the total number of BCorporation Shares as at 25 May 2010

[^] Based on the total number of BCorporation Shares as at 25 May 2010, after assuming full conversion of the outstanding BCorporation ICULS on that date

The actual number of Shares to be distributed pursuant to the Dividend-In-Specie will be arrived at based on the total issued and fully paid-up share capital of BCorporation as at the Entitlement Date.

2. PARTICULARS OF THE OFFERING (CONT'D)

2.4.1 Ordinary Shares

Our Company's Shares rank *pari passu* with one another. Subject to any special rights attached to any Shares which our Company may issue in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions, and in respect of any surplus in the event of the liquidation of our Company, in accordance with our Company's Articles of Association.

At every general meeting, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative (in the case of a member who is a corporation). On a show of hands, every person who is a member or proxy or attorney or representative of a member shall have one (1) vote; and on a poll, every member present in person or by proxy or attorney or representative shall have one (1) vote for each Share he holds. A member shall be entitled to appoint one (1) proxy only to attend and vote at the same meeting.

2.4.2 ICPS

Issuer	: B-Retail
Issuance Date	: 14 June 2010
Nominal Value	: RM0.50 each
Issue Size	: 962,432,000 units
Total Nominal Value	: RM481,216,000
Ranking	: The ICPS are unsecured and rank <i>pari passu</i> in all respects between the holders thereof
Tenure	: Ten (10) years commencing from and inclusive of 14 June 2010
Maturity Date	: The Market Day immediately before the tenth (10 th) anniversary of the issuance date of the ICPS
Dividend Rate	: The ICPS have a staggered cumulative dividend at the following rates:- (a) 1.0% per annum for year 1 to year 3; and (b) 2.0% per annum for year 4 to year 10; calculated based on the nominal value of RM0.50 per ICPS outstanding as at each anniversary of the issuance date of the ICPS
Voting Rights	: The holders of the ICPS shall not be entitled to voting rights except in the following circumstances:- - during a period in which dividend in respect of the ICPS is due and payable but has yet to be paid; - proposal to reduce the issued and paid-up share capital; - proposal affecting the rights attached to the ICPS; - proposal for the disposal of the whole of our Company's properties, business and undertaking; - proposal for the winding-up of our Company; or - during the winding-up of our Company
Rights To Participate In Any Distribution And/Or Offers Of Further Securities By Our Company	: The holders of the ICPS shall not have any right to participate in any distribution and/or offers of further securities by our Company unless otherwise resolved by ordinary shareholders of our Company at a general meeting

2. PARTICULARS OF THE OFFERING (CONT'D)

Rights Of Holders On Liquidation Of Our Company	:	In the event of the winding up of our Company, the holders of the ICPS shall be entitled to a return in capital together with any arrears of dividend (whether earned or declared or not) calculated to the date of such payment in priority to the claims of the holders of ordinary shares, but shall have no other right to participate in the assets or profits of our Company
Redemption	:	The ICPS are not redeemable for cash; unless previously converted, all outstanding ICPS will be mandatorily converted into new Shares at the Conversion Price on the Maturity Date
Conversion Rights And Conversion Period	:	The registered holder of the ICPS shall have the right to convert the ICPS at the Conversion Price into new Shares at any time on a Market Day from the issuance date of the ICPS up to and including the Maturity Date
Conversion Price And Mode Of Conversion	:	RM0.50, being the par value of the Shares. The Conversion Price shall be satisfied by surrendering one (1) ICPS for every one (1) new Share
Adjustment To The Conversion Price	:	The Conversion Price may from time to time be adjusted by the Directors of our Company as and when they deem necessary and expedient, in consultation with professional advisers in certain circumstances such as share split, share consolidation, capitalisation of reserves, rights issues, bonus issues or capital distribution whether by way of reduction of capital or otherwise (but excluding any cancellation of capital that is lost or unrepresented by available assets), which would in the opinion of the Directors of our Company, have the effect of diluting the interest of ICPS holders provided that in no event shall any adjustment involve a reduction of the Conversion Price below the par value of the Shares
Maximum Number Of New Shares To Be Issued Upon Full Conversion Of The ICPS	:	962,432,000 new Shares based on the Conversion Price
Ranking Of New Shares Arising From The Conversion Of The ICPS	:	The new Shares to be issued upon conversion of the ICPS will upon allotment and issue, rank <i>pari passu</i> in all respects with the existing issued Shares, except that the new Shares shall not be entitled to any dividend, right, allotment and/or other distribution, the entitlement date of which is on or before the date of allotment of the new Shares pursuant to the conversion of the ICPS
Provision For Changes In The Terms Of The ICPS During Its Tenure	:	Any changes to the terms of the ICPS shall only be made with the consent in writing of the holders of three-fourths of the issued ICPS, or with the sanction of a special resolution passed at a separate general meeting of the holders of the ICPS, as well as a special resolution to be passed by the ordinary shareholders of our Company
Listing	:	The approval from Bursa Securities for the listing of and quotation for the ICPS on the Main Market of Bursa Securities has been obtained

In the event of any conversion of the ICPS by Premier Merchandise Sdn Bhd and Cosway (issued pursuant to the Acquisition of 7-Eleven and Singer) resulting in the public shareholding spread of B-Retail Shares falling below the minimum percentage (%) required by Bursa Securities in compliance with the Main Market Listing Requirements, both Premier Merchandise Sdn Bhd and/or Cosway have undertaken to place such number of Shares to members of the public to make good the percentage of shortfall/dilution in the public shareholding spread of B-Retail arising from their conversion of ICPS.

2. PARTICULARS OF THE OFFERING (CONT'D)

2.5 Market Capitalisation Upon Listing

Based on the Offer Price, our Company's market capitalisation upon Listing will be approximately RM748.7 million (based on 1,497,432,004 securities upon Listing, including 962,432,000 ICPS).

The market capitalisation of RM748.7 million is lower than the total purchase considerations for the Acquisition of 7-Eleven and Singer of RM960 million mainly due to the existing debts assumed by B-Retail totalling RM211.3 million as detailed in Section 2.8 of this Prospectus.

2.6 Estimated Listing Expenses

The estimated listing expenses for the listing of and quotation for our Company's enlarged issued and fully paid-up share capital on the Main Market of Bursa Securities are as follows:-

Estimated Listing Expenses	Amount (RM'000)
Estimated professional fees ^(a)	2,120
Fees to authorities	600
Other miscellaneous expenses and contingencies	780
Total	3,500

Notes:-

(a) Include fees for, amongst others, the Adviser, Solicitors, Reporting Accountants, Independent Business And Market Research Consultants, Issuing House and Registrars.

The Offeror will bear a brokerage fee at 1.0% of the Offer Price in respect of successful applications by the Bumiputera and Malaysian public which bear the stamp of AmInvestment Bank, participating organizations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association, or MIH.

2.7 Dilution To NA

Dilution is the amount of which the NA per Share, immediately after the implementation of the Listing Scheme, is less than the Offer Price. The following table illustrates on a per Share basis:

	RM
Offer Price	0.50
NA per Share as at 31 December 2009, before adjusting for the IPO ⁽¹⁾	0.03
NA per Share as at 31 December 2009, after adjusting for the IPO ⁽²⁾	0.03
Increase in NA per Share contributed by the new investors ⁽³⁾	-
Dilution in NA per Share to new investors ⁽³⁾	0.47
Dilution in NA per Share to new investors as a percentage of the Offer Price	94%

Notes:-

⁽¹⁾ Taking into account the effects of the Acquisition of 7-Eleven and Singer but excludes the estimated listing expenses set out in Section 2.6 of this Prospectus.

⁽²⁾ Assuming the Minimum Dividend Scenario, taking into account the effects of Acquisition of 7-Eleven and Singer and the estimated listing expenses set out in Section 2.6 of this Prospectus

⁽³⁾ Assuming the Minimum Dividend Scenario.

2. PARTICULARS OF THE OFFERING (CONT'D)

2.8 Details of Debts Assumed By B-Retail

Pursuant to the Acquisition of 7-Eleven and Singer as set out in Section 2.2(i) of this Prospectus, B-Retail will have amounts owing to its wholly-owned subsidiaries namely 7-Eleven and Singer totaling RM211.3 million which are repayable on demand.

As at 31 December 2009, the total debts owing by related parties to the 7-Eleven Group amounted to RM166.48 million. As outlined in Section 6.2.14 of the Accountant's Report, approximately RM118.2 million of the abovementioned debts are owing by Premier Merchandise Sdn Bhd to the 7-Eleven Group for the purchase of quoted shares on its behalf. The remaining RM48.3 million, which are owing by HQZ Credit Sdn Bhd and Intan Utilities Berhad were advanced by the 7-Eleven Group to these companies for investment and administrative purposes. All these companies were privately owned companies whereby 7-Eleven was a 100%-owned subsidiary of Premier Merchandise Sdn Bhd which in turn was an indirect 100%-owned subsidiary of HQZ Credit Sdn Bhd prior to the Listing Scheme.

As described in Section 2.2 (i) of this Prospectus, the amount of debts assumed by B-Retail as part of the purchase consideration for the Acquisition of 7-Eleven amounts to RM165.38 million. The difference between the RM166.48 million and the RM165.38 million above, which arose from the interest charges has been fully settled by Premier Merchandise Sdn Bhd in cash. Further details of these debts assumed by B-Retail, including the interest rates applicable on these debts for the past three (3) financial years under review, are as set out in Section 7.3(i) of this Prospectus and Section 6.2.14 of the Accountant's Report (which in turn is set out in Section 9 of this Prospectus).

Pursuant to the Acquisition of Singer, the amount of debts assumed by B-Retail amounted to RM45.905 million. Out of this amount, RM45 million was the cash consideration payable by The Catalog Shop Sdn Bhd, a 100% owned subsidiary of Cosway for the grant of exclusive right to The Catalog Shop to collect the total debts receivables of RM239.92 million belonging to Singer, which had been fully provided for in Singer's previous financial statements. The remaining sum of RM905,000 is in relation to the debts payable by Berjaya Hills Berhad, a 100%-owned subsidiary of BCorporation for the purchase of consumer products from the Singer Group in the ordinary course of business.

Subsequently as at 31 December 2009 the debts owing by related parties to the Singer Group has been reduced to RM43.486 million. Further details of these debts are set out in Sections 6.6.21, 6.6.28 and 6.6.33 of the Accountant's Report, which in turn is set out in Section 9 of this Prospectus. The difference of RM2.419 million has been fully settled in cash by B-Retail Group to Cosway.

Moving forward, 7-Eleven Group is not envisaged to record further interest income from its related companies in view that all debts owing by these related companies has been assumed by B-Retail. The interest income to be received by 7-Eleven Group from B-Retail will in turn be eliminated upon consolidation. Please refer to Section 1.5.1 of this Prospectus for the proforma financial implications on the elimination of interest income at B-Retail Group.

Notwithstanding the above, the Board of Directors of our Company has confirmed its confidence of maintaining at least the same level of consolidated profit after taxation for the financial year ending 31 December 2010 as that for the Proforma FYE 2009 as the growth prospects of 7-Eleven Group is expected to improve further with the full implementation of its franchise programme as well as freeing-up capital for reinvestment. The franchise programme, which aims to provide a sense of "ownership" to the franchisees, is also anticipated to drive revenue and profits of the B-Retail Group. Other sources of growth are through the increased number of 7-Eleven company operated convenience stores.

2. PARTICULARS OF THE OFFERING (CONT'D)

Also taking into account the future prospects and earnings potential of our Group, as set out in Section 4.4 of this Prospectus and our competitive advantages set out in Section 4.2.2 of this Prospectus as well as our Group's dedication to implement the future plans of our Group, such as enhancing the operating models of 7-Eleven Group and Singer Group, expanding the Group's products and services offering as well as expanding the distribution networks of the 7-Eleven Group and Singer Group as set out in Section 4.3 of this Prospectus, our Board of Directors is confident that the abovementioned factors will further improve our Group's future earnings capacity post listing.

In terms of settlement of the debts assumed by B-Retail, these debts may be reduced over time by declaration of dividends by 7-Eleven and Singer, to B-Retail. 7-Eleven and Singer will declare dividends out of their respective annual profits to B-Retail, either via cash or a set off against the amounts owing by B-Retail. The actual portions of the cash and/or settlement of amounts owing by B-Retail will be dependent on the dividend policy of B-Retail as set out in Section 8.3 of this Prospectus.

From a tax perspective, the interest income in the books of 7-Eleven and Singer are taxable whilst interest expense in the books of B-Retail is tax deductible. B-Retail can claim a tax deduction against its taxable dividend income receivable from 7-Eleven and/or Singer as there is a nexus established between the interest expense incurred to B-Retail's revenue-generating activities. However, the amounts of "tax leakages", if any, cannot be ascertained now as the final tax payable by the B-Retail Group depends on the actual interest income/expense charged on the inter-company balances between B-Retail and its subsidiaries, 7-Eleven and Singer as well as the quantum of dividend income receivable from its subsidiaries and whether dividends are paid via cash or set-off against amounts owing to subsidiaries.

In terms of the ranking of the distribution of any dividends by B-Retail, the ICPS holders will rank in priority ahead of the holders of ordinary shares, who in turn have priority over the repayment of debts by B-Retail to 7-Eleven and Singer.

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3. RISK FACTORS

In evaluating an investment in the IPO Securities, you should carefully consider all information contained in this Prospectus including but not limited to the following general and specific risks.

3.1 Risks In Respect Of The Offer For Sale

3.1.1 There may be a delay in the listing of our Company or the listing may be aborted

The successful listing of our Company on Bursa Securities is subject to various requirements and/or conditions imposed by the authorities including amongst others, the public spread requirement whereby at least 25% of the total number of Shares for which listing is sought must be in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each, at the point of listing of our Company. The failure of compliance with any requirement may cause a delay in the listing of our Company or cause the listing to be aborted.

Nevertheless, our Company's Directors will endeavour to undertake the necessary actions and to ensure compliance with the various listing requirements for the successful listing of our Company on Bursa Securities.

3.1.2 There is no prior market for our Company's Securities, and an active market for the Securities may not develop

Prior to the listing of our Company, there has been no public market for our Company's Securities. There is no assurance that upon listing an active market for our Company's Securities will develop, or, if developed, that such a market will be sustained.

3.1.3 The market prices of our Company's Securities are subject to capital market risks, which could result in the value of your investment in the Securities to decline

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses, the flows of foreign funds and the global economic conditions. Sentiments are also driven by internal factors such as the political and economic conditions of the country. These factors invariably contribute to the volatility of the local bourse. Our Company's Securities upon listing on Bursa Securities will be subject to the vagaries of the capital market. Nevertheless, our Group's profitability is not dependent on, and has no direct correlation with the performance of Bursa Securities or the traded prices of our Company's Securities.

The Offer Price was arrived at based on the par values of our Company's Securities. There can be no assurance that the Offer Price will correspond to the price at which our Company's Securities will be traded on the Main Market of Bursa Securities upon or subsequent to the listing of our Company.

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3. RISK FACTORS (CONT'D)

3.2 Risks In Respect Of Our Group's Operations And Financial Performance

3.2.1 General Risks Relating To Our Group

i) Our Group is affected by political, economic and legislative factors that are beyond our Group's control

Adverse developments in the political, economic and regulatory conditions in Malaysia could materially and adversely affect our Group's financial and business prospects. Political, economic and regulatory uncertainties include, but are not limited to international bilateral relationships, changes in governing laws and legislation, level of disposable income, inflow of tourists, risks of war, riots, expropriation, nationalization, renegotiation/nullification of existing contracts, economic recession, inflation, changes in interest rates, changes in methods of taxation, changes in customs, excise, duties & tariffs and currency exchange controls, and changes in foreign exchange rates. Terrorist attacks and the outbreak of diseases could also adversely affect both the economic condition at large and our Group's business performance.

New policies and regulations implemented by the Malaysian Government, including legislations and regulations enacted by the Ministry Of Domestic Trade, Co-operatives And Consumerism, state governments and municipal councils, may have an impact, adverse or otherwise, on our Group's business.

ii) Our Group's performance is dependent on consumer spending patterns

Our Group's performance is dependent on consumer spending patterns which is affected by various factors including, inter-alia, the state of the economy, changes in demographic profiles, fluctuation of income levels and the general lifestyle concept. However, our Board is of the opinion that the businesses of our Group are rather resilient.

In respect of 7-Eleven Group, our Board opines that the convenience store business is partially insulated from economic declines as core products sold in the stores are basic/essential items rather than luxury products, and 7-Eleven's wide network of convenience stores is envisaged to continue to appeal to consumers who places high priority on convenience of making purchases at any time; 24 hours a day, 7 days a week.

For Singer Group, our Board opines that, in view of the rising cost of living, consumers are envisaged to continue to opt for instalment option schemes to purchase consumer products in order to maintain their standard of living.

Consumers' preferences and expectations are ever changing and our Group may fail to promptly identify our customers' needs and consequently may not be able to introduce such new products which are in demand. This may lead to loss of sales opportunities to competitors in the market.

The 7-Eleven Malaysia Retail Information System (SEMRIS) is capable of compiling and analyzing sales information by individual products, individual stores and customers' profiles. This enables 7-Eleven Group to analyse and identify the taste and preferences of its customers and to identify both best selling items as well as slow moving products. The data compiled by the system thus enable 7-Eleven Group to formulate effective promotion campaigns and improve its merchandise line-ups.

3. RISK FACTORS (CONT'D)

iii) Our Group relies on the continued employment and performance of our Board of Directors and senior management personnel

Our Board believes that our Group's continuing success depends, to a significant extent, upon the abilities and continuing efforts of our Board of Directors and senior management personnel as well as our Group's ability to attract and/or retain qualified and skilled personnel. Any sudden departure of certain key members of the management may adversely affect our Group's ability to achieve our business objectives. Efforts are continually being made to ensure a succession plan is in place to mitigate the abovementioned risk.

iv) Reputability and intellectual property protection of "7-Eleven" and "Singer" brand names

Material adverse changes to the reputability of the "7-Eleven" and/or "Singer" brand names in Malaysia or other countries may materially and adversely affect our Group's business and profitability. Further, there is no assurance that third parties or competitors will not infringe the brand names licensed to and/or registered by 7-Eleven and/or Singer, and the occurrence of such events could affect the business and profitability of our Group. Nonetheless, our Group will take the necessary steps to address any infringement.

v) Key suppliers

Our Group may face problems if reliance is placed on only a few key suppliers. In the event the products from these suppliers are disrupted for any reason, there may be a negative impact on our Group's operations. Further, our Group's profit margins and/or price competitiveness may be affected if our key suppliers increase the prices of their products. Similarly, should our Group terminate a contract with anyone of these key suppliers, our Group may possibly face difficulties sourcing similar quality merchandise from other suppliers at the lowest possible cost acceptable to our Group, and hence also affect our Group's profit margins and/or price competitiveness. Certain key suppliers are also contributing substantially to 7-Eleven Group's other income through display incentives. Display incentives are mainly fees charged to suppliers for reserving dedicated shelves to display products for sale. Listing of new products and others are as described in Section 8.2.2 (ii) of this Prospectus. In 2009, display incentives amounted to approximately RM51.4 million.

Nevertheless, our Group has cultivated a strong and good working relationship with our Group's pool of key suppliers including, inter-alia, various multinational companies. As such, our Group does not expect to encounter significant problems in obtaining products from and continuing the relationship with these key suppliers nor does our Group expect to face difficulties in sourcing quality merchandise at competitive prices from our Group's large pool of suppliers.

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3. RISK FACTORS (CONT'D)

vi) There is no assurance that our Group's plans and strategies would be successfully implemented, and that they would contribute positively to our Group's profitability

As set out in Section 4.3 of this Prospectus, 7-Eleven Group and Singer Group have outlined various plans and strategies. Whilst these plans and strategies have been formulated after careful evaluation of market demand and opportunities, execution risks always exist at the point of implementation. Even upon proper execution, there is no assurance that the plans and strategies will bring about the expected results. Nevertheless, our Board will endeavour to minimize such risks by closely monitoring the implementation process and by constantly evaluating market response to the plans undertaken.

Rapid or over-expansion of business

The expansion plans of our Group may result in our Group facing various business and operational risks, which may include, inter-alia, insufficient cash flow funding capability and inadequate experienced workforce. There can be no assurance that one or more of these risks will not have a material adverse effect on our Group's future operations and consequently, on our Group's business and financial results.

To mitigate these risks, our Board will ensure adequate funding of expansion plans is available either through internally generated funds or external borrowings. Our Group practices stringent selection guidelines and review policies before embarking on any decision to open additional new 7-Eleven convenience stores or Singer branches.

To ensure adequacy of trained and experienced staff, 7-Eleven Group continuously employs and trains its staff via its new Employee Training Program and Store Manager Training Program. The training centre is in Kuala Lumpur and there are also 35 training stores all over Malaysia to ensure the sufficient flow of trained workforce for 7-Eleven Group's new convenience stores.

vii) Risks associated with borrowings

As at 31 December 2009, our Group has total long term and short term borrowings amounting to approximately RM91.3 million and RM257.2 million respectively. These borrowings relate to leasing and hire purchase facilities, bank overdrafts, banker acceptances, revolving credits and term loans. Bank overdrafts, banker acceptances, revolving credits and certain term loans are not based on fixed interest rates and hence are subject to interest rate fluctuations. Our Group endeavours to mitigate interest rate risk by actively monitoring changes in interest rates and by continually evaluating our funding options to determine the most efficient funding method.

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3. RISK FACTORS (CONT'D)

3.2.2 Specific Risks Relating To 7-Eleven Group

i) Licence risk

7-Eleven's business of operating convenience stores under the "7-Eleven" trademark in Malaysia is subject to the terms and conditions of the ALA. Pursuant to the ALA, 7-Eleven, Inc. (USA) granted 7-Eleven the right to establish and operate 7-Eleven convenience stores and to grant sub-franchises to franchisees who will operate 7-Eleven convenience stores solely in Malaysia and Brunei Darussalam. The ALA is valid until 30 November 2033 and is renewable for additional terms of ten (10) years subject to, amongst others, material compliance with the terms of the ALA. There can be no assurance that 7-Eleven will be able to renew the ALA and even if renewed, there can be no assurance that the ALA will not be revoked or terminated prior to its expiry. Although our Board does not believe that such events are likely to occur, there can be no assurance that such non-renewal or revocation or termination will not occur and this could prohibit 7-Eleven from carrying out its business operations under the "7-Eleven" trademark.

In addition, the validity and enforceability of the ALA is governed by the laws of the State of Texas, USA, which said laws may differ from the laws of Malaysia.

However these risks are largely mitigated by the fact that 7-Eleven has cultivated a good working relationship with 7-Eleven, Inc. (USA) and as at LPD, our Board is not aware of any material breach of the terms and conditions of ALA.

ii) Competition in the retailing and convenience store industry

Competition amongst existing retailers

Consumers now enjoy a wide choice from a spectrum of retail outlets ranging from small private retailers, mini markets, shopping centres to hypermarkets. The entry of foreign retail players into the market has undoubtedly intensified all areas of competition including price, quality, variety and convenience. 7-Eleven Group faces competition from various retailers such as "99 Speedmart", "Tesco", "Carrefour" and "Giant". Petrol kiosks such as "Shell", "Petronas" and "Esso" have also ventured into the operation of convenience stores such as "Select", "Mesra" and "Tiger Mart".

In terms of operations, 7-Eleven convenience stores have a distinct competitive advantage compared to other retailers because it opens 24 hours a day whilst most of the other retailers do not operate on a 24-hour basis. 7-Eleven convenience stores have an advantage over petrol kiosk based convenience stores in terms of location as 7-Eleven convenience stores are not restricted geographically in terms of locations where stores may be opened. Petrol kiosks, on the other hand, can only be opened in certain approved locations designated for the purpose.

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3. RISK FACTORS (CONT'D)

Entry of new players

7-Eleven Group also faces the inherent risk of entry of new players to the convenience chain industry in Malaysia, especially established foreign convenience store giants like "Circle K", "am/pm", "Lawson" and "Family Mart" which are direct competitors of 7-Eleven worldwide. Currently, the aforementioned stores do not have a presence in Malaysia, but their existence in Japan, Taiwan, Hong Kong and Thailand are evidence of their interests in the East Asian region.

Nonetheless, 7-Eleven convenience stores have been operating in Malaysia for 25 years and have successfully built a strong reputation, thus providing an advantage to 7-Eleven Group over new entrants. In addition, 7-Eleven Group has implemented the "Market Concentration" business concept to protect its business by expanding market share and creating a dominant market position to discourage other players from entering the market.

iii) **Sales cycles**

7-Eleven Group's inventory turnover for the FYE 2009 is 39 days. Most of the merchandise are non-perishable with the exception of food and certain health and beauty aides ("HABA") products. Such food and certain HABA products are perishable and carry expiry dates. Should such products remain unsold or expire and in the event such products are not returnable, the costs of these products would be written off. This will adversely affect the results of the stores.

However, 7-Eleven Group has mitigated such risk by having special arrangements with its suppliers whereby most unsold/damaged products can be returned to the suppliers/vendors at their costs. The costs of these returned products will be set off against the amounts owing to the respective suppliers.

iv) **Security risks**

As the 7-Eleven convenience stores operate on a 24-hour basis, it is inevitably affected by pilferage, shoplifting, theft and robbery. This is a real risk faced by all 24-hour convenience stores. To mitigate such risk, all 7-Eleven convenience stores are fitted with closed-circuit televisions and time delayed safes. In addition, 7-Eleven Group has taken insurance coverage for theft and robbery.

v) **High turnover of store operations staff**

It is inherent in the retail industry that there is a high turnover of store operations staff. Many of such staff are school leavers seeking temporary employment whilst waiting for results as well as part-timers seeking additional employment to supplement their income. The inherent lack of commitment from such temporary workers poses a continuous challenge to 7-Eleven Group in maintaining its operational efficiencies.

In order to mitigate the high turnover of operation staff, 7-Eleven Group continuously ensure competitive salary packages are offered to staff. In addition, appropriate training programs are instituted as well as recognition awards such as the "Best Store Award" and "Best Employee Award" are implemented for the operational staff.

3. RISK FACTORS (CONT'D)**vi) Low margins recorded by 7-Eleven Group**

It is noted that in the past three (3) financial years under the review, the 7-Eleven Group registered the following profit before taxation and profit for the year:

	FYE 2007 (RM'000)	FYE 2008 (RM'000)	FYE 2009 (RM'000)
Profit before taxation	11,675	22,559	37,818
Profit before taxation margin (%)	1.26%	2.04%	3.19%
Profit after taxation	6,576	14,393	25,479
Profit after taxation margin (%)	0.71%	1.30%	2.15%

Taking into account that customers now enjoy a wide choice from a spectrum of retail outlets ranging from small private retailers, mini markets, shopping centres to hypermarkets and the entry of foreign retail players into the market, competition has intensified in all areas surrounding convenience, price, quality and variety of products and services offered.

However, the risks arising from the low margins recorded by the 7-Eleven Group are mitigated through its efficient cash flow management and usage of trade lines from financial institutions to fund its operations. As shown in Section 8.2.2 of this Prospectus, the 7-Eleven Group has recorded positive cash flow from operating activities in all the financial years under review as well as positive balance in cash and cash equivalents at the end of each financial year under review. The 7-Eleven Group is also able to leverage on the credit terms provided by its suppliers to optimize the management of cash.

Moving forward, the revenue of the 7-Eleven Group is expected to grow further with the full implementation of its franchise programme. The franchise programme, which also aims to provide a sense of "ownership" to the franchisees, is anticipated to drive revenue and profits of the 7-Eleven Group and the B-Retail Group through increased sales as well as enabling the 7-Eleven Group to free up capital for reinvestment.

3.2.3 Specific Risks Relating To Singer Group**i) Licence risk**

Singer was granted the exclusive licence and right to use the "Singer" trademark in Malaysia pursuant to the License Agreement dated 26 August 1989 entered into with SSMC Inc as licensor (whose rights were subsequently assigned to Singer Asia Limited). Accordingly, Singer's business of marketing and direct selling of consumer durables under this trademark is subject to the terms and conditions of the agreement.

The aforesaid exclusive licence will be automatically renewed for successive five (5) year periods in perpetuity, unless there is any material breach of the terms of the aforesaid agreement. Further, the risk, if any, of non-renewal is largely mitigated by the fact that Singer has ensured continual compliance with the terms of the aforesaid agreement.

Additionally, Singer is required to maintain and currently has a valid Direct Sales Licence issued by the Ministry Of Domestic Trade, Co-operatives And Consumerism.

As at LPD, our Board is not aware of any breach of the terms and conditions of the aforesaid agreement and the Direct Sales Licence.

3. RISK FACTORS (CONT'D)**ii) Competition in the business of direct selling of consumer durables with instalment option schemes**

The principal activities of Singer Group are the marketing and direct selling of consumer durables with instalment option schemes. Singer Group is hence subject to certain risks inherent in the consumer financing industry such as entry of new players and proliferations of financial institutions/credit cards issuers in providing easy consumer financing and personal loans. Nevertheless, our Board opines that there is a low threat from new entrants with similar business model as Singer Group, which integrates direct selling of consumer durable products with instalment option schemes.

iii) Recoverability of debts is inherently uncertain

Singer Group offers instalment option schemes to its customers who purchase consumer durables products. Prospective customers are carefully screened to assess their credit risk before Singer Group extends the instalment option schemes. Some of the criteria assessed include credit history with Singer Group, credit history with other lenders, employment status and household income level.

Nevertheless, similar to most businesses, Singer Group faces the risk of potential bad debts. Singer Group's financial performance could be adversely affected in event of write-offs and/or provisions for doubtful debts.

The following is an extract of Section 6.6.7 of the Accountant's Report, which sets out the amounts of provision for doubtful debts, bad debts written off and bad debts recovered during the financial years / financial periods under review.

	FYE 2007	FYE 2008	FYE 2009	FPE 2008 (unaudited)	FPE 2009
Net provision for doubtful debts	21,310	18,652	17,066	12,498	20,725
Bad debts written off	726	596	946	796	777
Bad debts recovered	(1,269)	(1,481)	(2,577)	(2,188)	(2,727)

The table above takes into account trade receivables, equal payment and hire purchase receivables as well as other receivables.

As set out in its accounting policies, judgments made by management in the process of applying Singer's accounting policies include judgments made for the provision for doubtful debts. The provisions for doubtful debts for equal payment and hire purchase debtors are arrived at based on the following:-

- (a) A 50% provision is made for all equal payment and hire purchase accounts which have been in delinquency for more than six (6) months but less than nine (9) months.
- (b) A 100% provision is made for all equal payment and hire purchase accounts which have been in delinquency for more than nine (9) months.

In addition to the above, equal payment and hire purchase debtors are specifically provided for in full once they are doubtful upon investigation.

Our Board is of the view that the existing provisions for doubtful debts are adequate.

3. RISK FACTORS (CONT'D)

3.3 Our largest shareholder will have control of certain matters requiring shareholders' approvals

Upon completion of the IPO, TSVT is expected to control more than 50% of our issued and paid-up ordinary share capital via his direct and indirect interests; hence unless required to abstain from voting by law and/or the relevant authorities, TSVT will be able to effectively control the outcome of any matter, other than matters requiring the approval of at least 75% voting rights of shareholders, requiring the vote of shareholders.

In addition, upon full conversion of the 962,432,000 ICPS issued pursuant to the Acquisition of 7-Eleven and Singer, TSVT and Parties Relating to TSVT is expected to control more than 75% of our issued and paid-up ordinary share capital. However, as explained in Section 2.4.2 of this Prospectus, Premier Merchandise Sdn Bhd and/or Cosway have undertaken to place such number of Shares to members of the public to make good the percentage of shortfall/dilution in the public shareholding spread of B-Retail arising from their conversion of ICPS.

3.4 Risks in respect of forward-looking statements

Certain statements in this Prospectus are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on our Company's Directors' estimates and assumptions, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty that our plans and objectives will be achieved.

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4. INFORMATION ON OUR GROUP

4.1 Group Overview

4.1.1 Background Information On Our Company

Our Company was incorporated in Malaysia on 8 June 2009 under the Companies Act, 1965 as a private limited company under the name of Berjaya Retail Sdn Bhd. On 29 September 2009, our Company was converted into a public limited company.

Our Company commenced operations on 14 June 2010. Our Company is principally an investment holding company with 100% equity interests in 7-Eleven and Singer.

Our Group is principally involved in the following businesses:-

- operation of a chain of convenience stores via 7-Eleven Group; and
- marketing and direct selling of consumer durables with instalment option schemes via Singer Group.

Our Company's authorised share capital is RM5 billion comprising 6 billion Shares and 4 billion ICPS.

As at LPD, our Company's issued and paid-up share capital is RM2.00, comprising four (4) Shares. Pursuant to the Acquisition of 7-Eleven and Singer, our Company's issued and paid-up share capital has increased to RM748.7 million, comprising 535,000,004 Shares and 962,432,000 ICPS.

The changes in our Company's issued and fully paid-up share capital since incorporation are set out below.

i) Ordinary Shares

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued And Fully Paid-Up Ordinary Share Capital (RM)
08.06.2009	2	1.00	Subscribers' shares	2
29.09.2009	2	0.50	Share split	2
14.06.2010	60,000,000	0.50	Issued pursuant to the Acquisition of 7-Eleven	30,000,002
14.06.2010	475,000,000	0.50	Issued pursuant to the Acquisition of Singer	267,500,002

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4. INFORMATION ON OUR GROUP (CONT'D)**ii) ICPS**

Date Of Allotment	No. Of ICPS Allotted	Par Value (RM)	Consideration	Cumulative Nominal Value Of ICPS (RM)
14.06.2010	809,242,000	0.50	Issued pursuant to the Acquisition of 7-Eleven	404,621,000
14.06.2010	153,190,000	0.50	Issued pursuant to the Acquisition of Singer	481,216,000

In the event that the Dividend-In-Specie and the Offer For Sale resulted in the aggregate shareholdings of TSVT and Parties Related To TSVT in B-Retail falling / expecting to fall below 50% upon Listing, Premier Merchandise Sdn Bhd will convert such number of B-Retail ICPS to the extent necessary in order to increase the aggregate shareholdings of TSVT and Parties Related To TSVT to more than 50% upon Listing. The actual number of B-Retail ICPS to be converted will be determined later at the discretion of the board of directors of both BCorporation and Premier Merchandise Sdn Bhd.

Cosway will convert the requisite number of B-Retail ICPS into new B-Retail Shares, if necessary, to ensure that there are adequate Shares for the Offer For Sale.

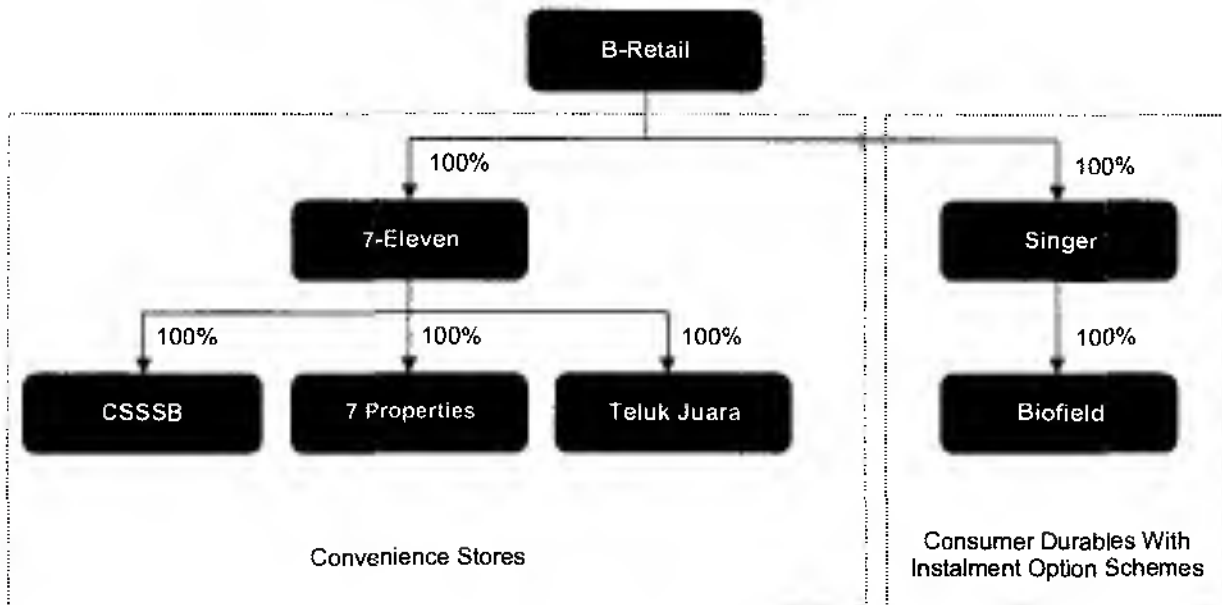
None of the above Securities were issued at a discount, on special terms or instalment payment terms. Save for the ICPS, our Company does not have any warrant, option or convertible security in issue or any uncalled capital. Salient terms of the ICPS have been set out in Section 2.4.2 of this Prospectus.

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4. INFORMATION ON OUR GROUP (CONT'D)

4.1.2 Corporate Structure

Our Group's corporate structure is depicted below:-



The details of our Company's subsidiaries are as follows:-

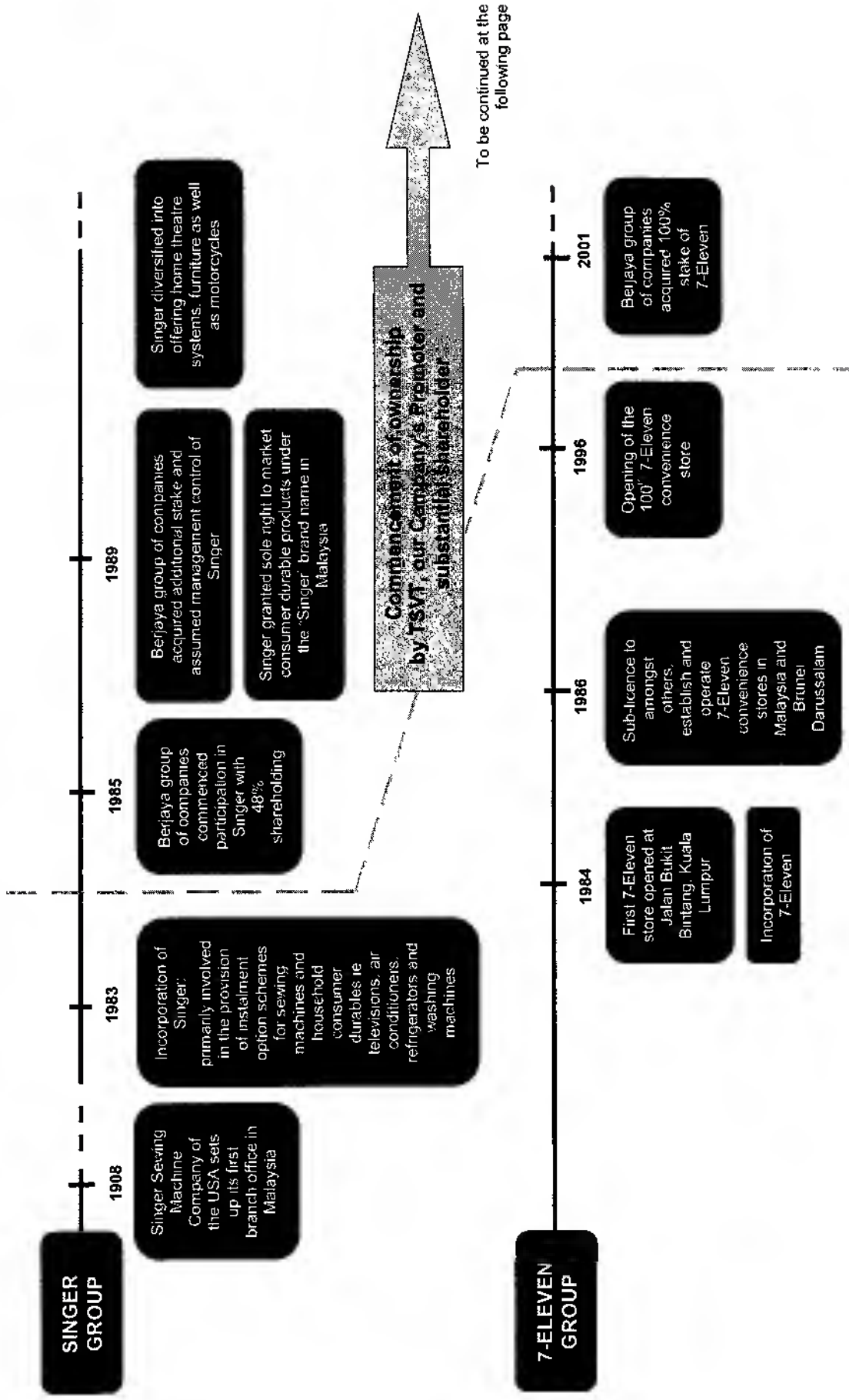
Company (Registration No.)	Date And Place Of Incorporation	Issued And Fully Paid-Up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
7-ELEVEN GROUP				
7-Eleven (120962-P)	04.06.1984 Malaysia	35,000,000	100	Operation of a chain of convenience stores under the "7-Eleven" brand name
CSSSB (381437-U)	27.03.1996 Malaysia	2,000,000	100	Operation of convenience stores under the "7-Eleven" brand name in Sabah
7 Properties (299688-K)	12.05.1994 Malaysia	3,000,000	100	Property investment; certain properties are used as premises for 7-Eleven convenience stores
Teluk Juara (246986-X)	17.08.1992 Malaysia	3,000,000	100	Note (1)
SINGER GROUP				
Singer (97871-K)	24.02.1983 Malaysia	235,000,000	100	Marketing and direct selling of consumer durables with instalment option schemes
Biofield (230111-X)	2.12.1991 Malaysia	93,775,000	100	General insurance agent and leasing of exhibition space

Note (1) The intended principal activities are property investment, warehousing and distribution of merchandise. In FYE 2009, Teluk Juara acquired a parcel of freehold land.

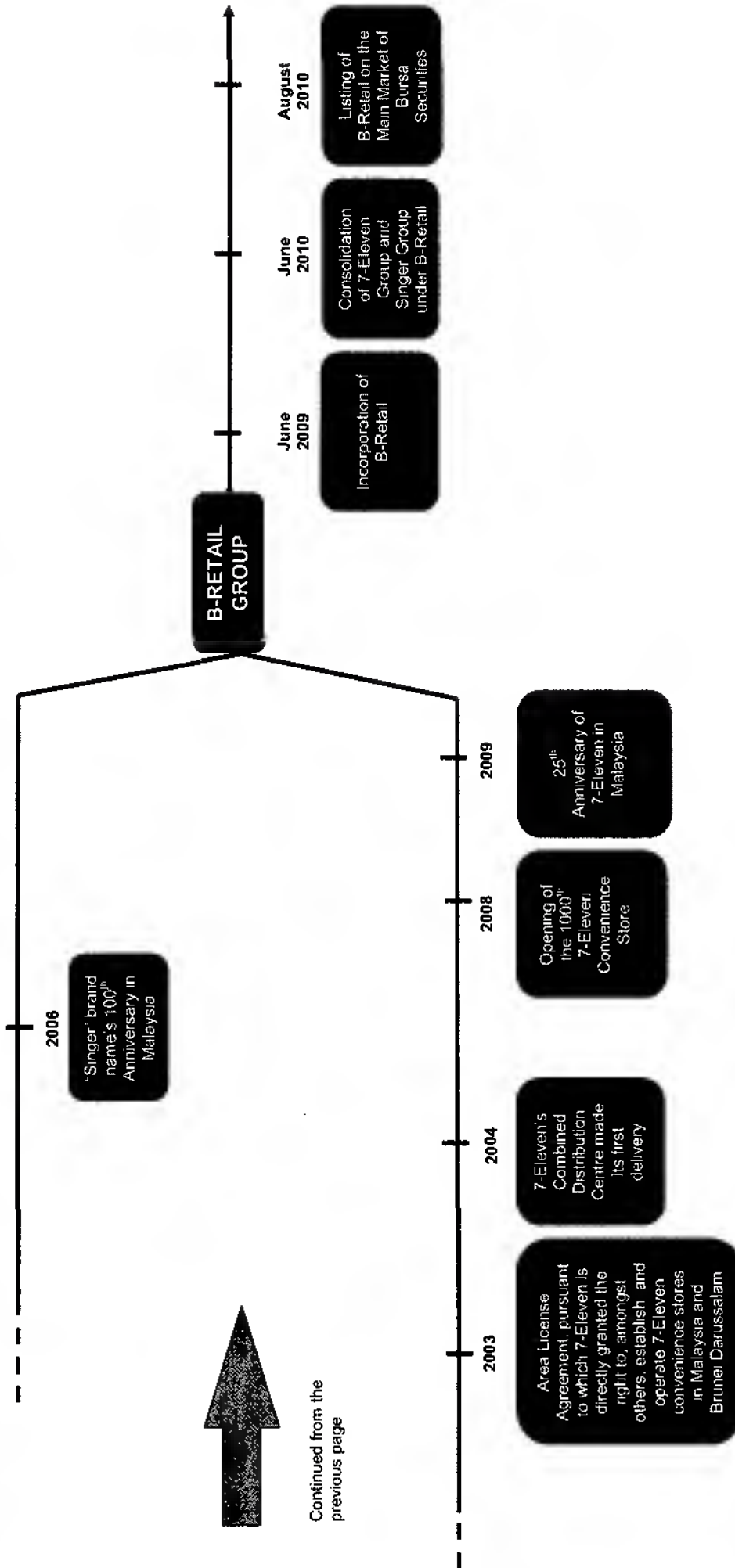
Further information on our subsidiaries are set out in Section 4.1.4 of this Prospectus.

4. INFORMATION ON OUR GROUP (CONT'D)

4.1.3 History And Progression



4. INFORMATION ON OUR GROUP (CONT'D)



4. INFORMATION ON OUR GROUP (CONT'D)

As set out in Section 2.2 (i) of this Prospectus, our Company acquired Singer and 7-Eleven in 2010. The history of Singer Group and 7-Eleven Group culminating to the formation of our Group is set out below.

i) Singer Group

The history of the "Singer" brand name in Malaysia started in 1906 with the opening of the first branch office by the Singer Sewing Machine Company of the USA. In 1989, Singer was granted the exclusive rights to market the "Singer" brand name of consumer durables in Malaysia.

The "Singer" brand name itself has become a household name and is synonymous with quality sewing machines. Singer's portfolio of products has extended to a diversified range of home appliances including, among others, televisions, air-conditioners, home theatre systems, refrigerators, washing machines, furniture as well as motorcycles. As at LPD, Singer has approximately 3,500 independent sales agents and a total of 561 branches operating under the "Singer" brand name in East and West Malaysia.

In 1985, Berjaya group of companies, a group controlled by TSVT, acquired a 48% equity stake in Singer. In 1989, Berjaya Group assumed management control of Singer upon the acquisition of a further 36.5% equity interest in Singer by two (2) companies within Berjaya Group.

In October 1990, as part of its initial public offering and listing exercise on the Main Board of Bursa Securities, Singer Holdings (Malaysia) Berhad (now known as Cosway) acquired via a share exchange scheme the entire issued and paid-up share capital of Singer. Cosway was subsequently removed from Bursa Securities in June 2007.

In 2006, Singer celebrated the "Singer" brand name's 100th anniversary in Malaysia.

ii) 7-Eleven Group

In April 1984, the first 7-Eleven convenience store in Malaysia was opened in Bukit Bintang, Kuala Lumpur pursuant to an Amendment to the Area Service And License Agreement dated 19 April 1983 signed between 7-Eleven, Inc. (USA) (owner of the "7-Eleven" brand name) and various parties.

7-Eleven was incorporated in June 1984. Pursuant to a Sub-Licence Agreement entered into between Jardin Matheson Holdings (Malaysia) Sdn Bhd (the previous franchisee of 7-Eleven brand name) and Convenience Shopping Sdn Bhd (now known as 7-Eleven Malaysia Sdn Bhd) on 20 December 1986, 7-Eleven was granted the rights to develop and operate 7-Eleven convenience stores and grant subfranchises to franchisees to operate 7-Eleven convenience stores in Malaysia and Brunei Darussalam.

7 Properties was incorporated in 1994, and is currently a property investment company. Certain properties owned by 7 Properties are used as premises for 7-Eleven convenience stores in Malaysia.

As part of 7-Eleven's expansion plans, CSSSB was incorporated in 1996 to operate the chain of convenience stores in Sabah.

In 1996, the 100th 7-Eleven convenience store was opened at Centrepoint Shopping Mall, Bandar Utama, Selangor Darul Ehsan.

In 2001, Berjaya Group assumed the management control of 7-Eleven by acquiring the entire equity interest of 7-Eleven. At the time, there were 168 7-Eleven convenience stores in Malaysia.

4. INFORMATION ON OUR GROUP (CONT'O)

In 2003, 7-Eleven, Inc. (USA) signed the ALA directly with 7-Eleven. This ALA which supersedes the other agreements previously signed, as outlined above, directly granted 7-Eleven, the right to establish and operate 7-Eleven convenience stores in Malaysia and Brunei Darussalam, including the right to grant subfranchises solely in Malaysia and Brunei Darussalam.

7-Eleven established a CDC to centralise logistics for all its 7-Eleven convenience stores in Peninsular Malaysia which made its first delivery in 2004, and succeeded in expanding its reach to cover the whole of Peninsular Malaysia in 2005. Currently, deliveries through the CDC account for approximately 40% of the value of deliveries to 7-Eleven convenience stores.

In 2007, TSVT had via its investee companies, privatised the ownership of 7-Eleven.

Since TSVT assumed indirect control of 7-Eleven in 2001, 7-Eleven Group has grown from a chain of 168 convenience stores to become the largest chain of convenience stores in Malaysia with the opening of its 1,000th store in Sunway, Selangor Darul Ehsan in 2008. As at LPD, 7-Eleven has a chain of 1,127 stores throughout Malaysia.

On 6 April 2009, 7-Eleven celebrated its 25th anniversary in Malaysia. 7-Eleven won the Malaysia Retailers-Chain Association (MRCA) Platinum – National Growth Award in October 2009, and the Malaysia Franchise Association's Best Sales Growth Award in November 2009.

iii) Formation of Our Group

In June 2009, our Company was incorporated as the vehicle for the listing of Singer and 7-Eleven on the Main Market of Bursa Securities and subsequently acquired the entire equity interests in Singer and 7-Eleven on 14 June 2010.

Since TSVT assumed indirect control of 7-Eleven in 2001, the 7-Eleven Group has grown from a chain of 168 convenience stores to 1,127 stores as at LPD. As at LPD, Singer has approximately 3,500 independent sales agents and a total of 561 branches operating under the "Singer" brand name in East and West Malaysia. The extensive number of 7-Eleven convenience stores and Singer branches in Malaysia is in line with TSVT's vision of strengthening presence both locally and in overseas markets.

Although the businesses of 7-Eleven and Singer are diverse, with different products and different target markets, the Acquisition of 7-Eleven and Singer enabled our Company to consolidate all of our retailing operations carrying the 7-Eleven and Singer brandnames under one company.

7-Eleven was previously under Intan Utilities Berhad group, which was involved in other businesses such as investment holding, manufacturing, warehousing and trading of semiconductors besides the operation of 7-Eleven stores. Intan Utilities Berhad was taken private in 2007 via a voluntary withdrawal of the listing with an exit offer of RM2.10 per Intan Utilities Berhad share. Pursuant to the aforesaid de-listing, based on the exit offer, the value accorded to the Intan Utilities Berhad group then was approximately RM202 million, representing a net PE of 15.8 times, after taking into consideration amongst others, losses incurred by its non-7-Eleven businesses based on the annualised audited net profit for the 17-month financial period ended 31 December 2005.

The delisting of Intan Utilities Berhad was mainly due to the lack of public shareholding spread, investor interests and trading liquidity. Intan Utilities Berhad's request for waiver from having to comply with the minimum public shareholding spread has also been rejected by Bursa Securities.

4. INFORMATION ON OUR GROUP (CONT'D)

Singer, on the other hand, was previously under Cosway. At the point of Cosway's de-listing, Cosway was principally involved in the marketing of consumer durables, manufacturing and marketing of personal care and household products, manufacturing and marketing of industrial and commercial products and property investment. Cosway was taken private in 2007 via a voluntary withdrawal of the listing with an exit offer of RM1.20 per Cosway share. Pursuant to the aforesaid de-listing, based on the exit offer, the value accorded to the Cosway group (including its non-Singer businesses) then was approximately RM413 million, after taking into consideration, amongst others, a net PE of 10.0 times based on the adjusted audited net profit for the financial year ended 30 April 2006.

The delisting of Cosway was also mainly due to the lack of public shareholding spread, investor interests and trading liquidity.

Since the privatisation exercises of Intan Utilities Berhad and Cosway in 2007, 7-Eleven has continued to grow and is currently experiencing a change in business model through its franchise programme, expansion of goods and services offering as well as the expansion of its distribution network while Singer has through the years, generated recurrent income with strong and stable cash flows through its business of direct selling consumer durables with instalment option schemes. The PE of 23.5 times over the profit after tax for the financial year / period ended 31 December 2009 accorded to 7-Eleven and Singer Group is higher than the PE accorded for the privatisation of Cosway and Intan Utilities Berhad group as the valuation are solely in relation to the individual business operations of 7-Eleven Group and Singer Group. In addition to the above, the revenues and profits of 7-Eleven and Singer have continued to increase significantly. Please refer to Section 8 of this Prospectus for the financial information for both, 7-Eleven Group and Singer Group.

Consolidating both the 7-Eleven and Singer under one company effectively enables B-Retail to achieve optimum diversification because in addition to reaching out to different target markets with different product offerings, B-Retail ensures that its business not only has a growth driver in 7-Eleven but also stable and consistent income generator in Singer. With the Listing of B-Retail, the businesses of 7-Eleven and Singer will be re-introduced to the Malaysian equity market and the public will also be able to participate in the anticipated growth and future prospects of 7-Eleven and Singer through a direct investment in just one company focused on the retailing businesses, i.e B-Retail.

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4. INFORMATION ON OUR GROUP (CONT'D)**4.1.4 Our Subsidiaries****i) 7-Eleven Group****a) 7-Eleven**

7-Eleven was incorporated in Malaysia on 4 June 1984 under the Companies Act, 1965 as a private limited company under the name of Convenience Shopping Sdn Bhd and commenced operations on the same date. It subsequently assumed its present name on 17 October 2007.

7-Eleven is principally engaged in the operation of convenience stores under the "7-Eleven" brand name and investment holding of shares in its subsidiaries. Pursuant to the ALA, 7-Eleven is granted the right to establish and operate 7-Eleven convenience stores and to grant sub-franchises to franchisees who will operate 7-Eleven convenience stores solely in Malaysia and Brunei Darussalam.

7-Eleven's authorised share capital is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each, of which 35,000,000 shares have been issued and fully paid-up.

The new shares issued during the last three (3) years up to LPD are as follows:-

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued And Fully Paid-Up Ordinary Share Capital (RM)
20.08.2008	30,000,000	1.00	Bonus Issue	35,000,000

None of the shares set out in the above table were issued at a discount, on special terms or instalment payment terms. 7-Eleven does not have any warrant, option or convertible security in issue or any uncalled capital.

b) CSSSB

CSSSB was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 27 March 1996 under the name of Convenience Shopping (Sabah) Sdn Bhd and commenced operations on the same date.

CSSSB is principally engaged in the operating of convenience stores under the "7-Eleven" brand name in Sabah. As at LPD, CSSSB has 22 7-Eleven convenience stores in Sabah.

CSSSB's authorised share capital is RM2,000,000 comprising 2,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up. There were no changes to the issued and fully paid-up share capital of CSSSB during the last three (3) years up to LPD.

CSSSB does not have any warrant, option or convertible security in issue or any uncalled capital.

4. INFORMATION ON OUR GROUP (CONT'D)**c) 7 Properties**

7 Properties was incorporated in Malaysia on 12 May 1994 under the Companies Act, 1965 as a private limited company under the name of Infortech Holdings Sdn Bhd. On 15 June 2004, it changed its name to Hitac Holdings Sdn Bhd and thereafter assumed the name of 7-Connect Sdn Bhd on 22 November 2006. On 1 April 2010, 7-Connect Sdn Bhd changed its name to 7 Properties.

7 Properties commenced operations on 1 April 1996 and is principally involved in property investment. Properties owned by 7 Properties are mainly used as premises for 7-Eleven convenience stores.

7 Properties's authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 3,000,000 shares have been issued and fully paid-up.

The new shares issued during the last three (3) years up to LPD are as follows:-

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued And Fully Paid-Up Ordinary Share Capital (RM)
30.06.2009	2,800,000	1.00	Cash	3,000,000

None of the shares set out in the above table were issued at a discount, on special terms or instalment payment terms. 7 Properties does not have any warrant, option or convertible security in issue or any uncalled capital.

d) Teluk Juara

Teluk Juara was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 17 August 1992 under the name of Teluk Juara Sdn Bhd. Teluk Juara commenced operations on 12 August 2009, and its intended principal activities are property investment, warehousing and distribution of merchandise. In FYE 2009, Teluk Juara acquired a parcel of freehold land for a cash consideration of RM10.45 million and the intended use of the land is as set out in Section 4.3.4 of this Prospectus.

Teluk Juara's authorised share capital is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 3,000,000 shares have been issued and fully paid-up.

The new shares issued during the last three (3) years up to LPD are as follows:

Date Of Allotment	No. Of Ordinary Shares Allotted	Par Value (RM)	Consideration	Cumulative Issued And Fully Paid-Up Ordinary Share Capital (RM)
13.10.2009	2,999,998	1.00	Cash	3,000,000

None of the shares set out in the above table were issued at a discount, on special terms or instalment payment terms. Teluk Juara does not have any warrant, option or convertible security in issue or any uncalled capital.

4. INFORMATION ON OUR GROUP (CONT'D)

ii) Singer Group

a) Singer

Singer was incorporated in Malaysia on 24 February 1983 under the Companies Act, 1965 as a private limited company under the name of Regnis (Malaysia) Sdn Bhd and commenced operations on the same date. Singer subsequently assumed its present name on 20 April 1990.

Singer was granted the exclusive licence and right to use the "Singer" brand name in Malaysia pursuant to a License Agreement dated 26 August 1989 entered into with SSMC Inc as licensor (whose rights were subsequently assigned to Singer Asia Limited). Subject to material compliance with the terms of the agreement, the aforesaid exclusive licence will be automatically renewed for successive five (5) year periods in perpetuity.

Singer is principally involved in marketing and direct selling of consumer durables with instalment option schemes.

Singer's authorised share capital is RM250,000,000 comprising 250,000,000 ordinary shares of RM1.00 each, of which 235,000,000 shares have been issued and fully paid-up. There were no changes in the issued and fully paid-up share capital of Singer during the last three (3) years up to LPD.

Singer does not have any warrant, option or convertible security in issue or any uncalled capital.

b) Biofield

Biofield was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 2 December 1991 under the name of Biofield Sdn Bhd. Biofield commenced operations on 16 December 1991 and principally acts as a general insurance agent and leasing of exhibition space. Biofield owns an exhibition hall in Berjaya Times Square shopping complex, Kuala Lumpur.

For the past three (3) consecutive years up to 2009, Biofield received the Top Motorcycle Producer Award from Pacific & Orient Insurance Co Berhad, recognizing Biofield's achievement in selling the largest number of motorcycle insurance policies.

Biofield's authorised share capital is RM100,000,000 comprising 45,000,000 ordinary shares of RM1.00 each and 55,000,000 cumulative redeemable preference shares of RM1.00 each, of which 38,800,000 ordinary shares and 54,975,000 cumulative redeemable preference shares have been issued and fully-paid up. There were no changes in the issued and fully paid-up share capital of Biofield during the last three (3) years up to LPD.

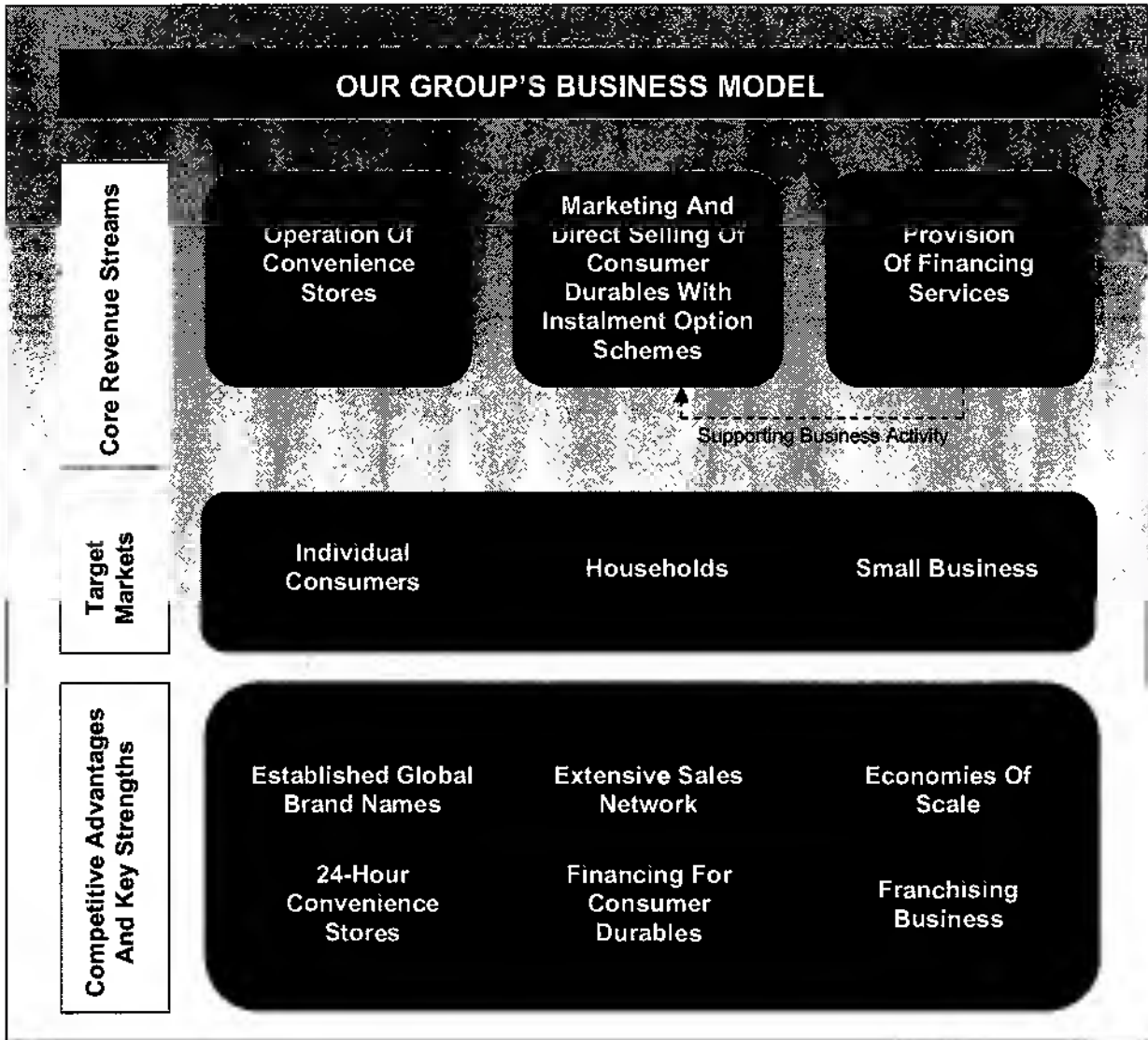
Biofield does not have any warrant, option or convertible security in issue or any uncalled capital.

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4. INFORMATION ON OUR GROUP (CONT'O)

4.2 Overview Of Our Group's Business Activities

4.2.1 Business Model



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4. INFORMATION ON OUR GROUP (CONT'D)

Our Group's business focus is in the operation of a chain of convenience stores and direct selling of consumer durables with instalment option schemes.

i) Operation Of Convenience Stores

Our Group operates a chain of convenience stores under the "7-Eleven" brand name. As at LPD, our Group operates a total of 1,127 7-Eleven convenience stores spread throughout the Peninsular and East Malaysia.

The key features of our Group's convenience store concept that differentiates them from other retail and convenience stores are set out below.

- The 7-Eleven store network is very wide and extends throughout Malaysia. With a total of 1,127 7-Eleven convenience stores operating as at LPD, there is a good chance that a 7-Eleven store is located close to most urban customers.
- The "7-Eleven" brand name is an established and global brand name that has generated high brand name awareness among consumers. This provides consumers with some level of comfort and expectations of the range and quality of products and services in any 7-Eleven convenience store.
- 7-Eleven convenience stores are commonly located at high-traffic and easily accessible sites such as alongside busy roads, highway rest stops, petrol stations, transportation hubs and shopping centres. This makes it easy and convenient for customers to visit the stores.
- Most of 7-Eleven convenience stores operate 24 hours a day, seven days a week, which maximises on customer convenience.
- 7-Eleven convenience stores commonly offer a range of grocery and food items including hot food and beverages. In contrast, many of the provision shops and mini markets offer primarily grocery items.
- 7-Eleven convenience stores also offer services that are usually only available in more specialised stores, such as pre-paid mobile phone reloads, and fax and photocopying services. A selected number of 7-Eleven convenience stores also sell automotive supplies and offer access to ATM.
- Currently, a 7-Eleven store typically carries approximately 2,200 types of products. The product mix of each 7-Eleven store is customised to meet the needs of the community it serves, while maintaining our Group's overall 7-Eleven store theme.

Our Group's 7-Eleven convenience stores sell and provide the following types of products and services:-

- tobacco products;
- beverages;
- confectioneries and snack foods;
- household goods and publications;
- perishables and other foods;
- food services; and
- in-store services.

4. INFORMATION ON OUR GROUP (CONT'D)

ii) Direct Selling Of Consumer Durables With Instalment Option Schemes

Our Group is engaged in the marketing and direct selling of consumer durables through our Group's "Singer" branches and sales agents. As at LPD, our Group operates a total of 561 Singer branches throughout Malaysia of which 135 branches are operated directly whilst the remaining 426 are operated by authorised sales agents. There are approximately 3,500 independent sales agents engaged in selling Singer's consumer durables.

Singer's sales force, comprising employees and sales agents, utilise direct face-to-face contact with prospective customers to generate sales. Face-to-face contact is usually established at the prospective customer's home, place of employment or in public places such as shopping centres. In addition, Singer has branches which also act as retail outlets.

Our Group's direct selling channel is not a multi-level marketing sales channel, as employees, authorised sales agents and independent authorised sales agents do not receive any incentive to recruit additional salespeople.

Our Group is currently engaged in direct selling of the following types of consumer durables:-

- home appliances such as televisions, air-conditioners, home theater systems, refrigerators and washing machines under the "Singer" brand name as well as third-party brand names;
- motorcycles;
- sewing machines for household and commercial use under the "Singer" brand name as well as third-party brand names, and sewing accessories and merchandise;
- furniture; and
- other consumer durables such as personal computers, water filtration systems and health equipment.

Our Group offers qualifying customers financing service packages to finance the purchase of consumer durables and motorcycles from Singer. Qualified customers can make payments for their purchase of motorcycles via hire-purchase schemes or purchase of consumer durables via equal payment schemes.

Financing service scheme are designed such that the customer completes the repayment scheme by making a number of equal monthly payments over a period of up to 48 months. The Minister of Domestic Trade, Co-operative and Consumerism oversees the equal payment scheme and no licence is required to offer such scheme. With the financing packages, our products would appeal to consumers who may not have easy access to bank loans or credit cards to finance the purchase of consumer durables. Our Group's financing packages help to make many of the consumer durables sold by our Group more affordable to a wider base of potential customers.

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4. INFORMATION ON OUR GROUP (CONT'D)

4.2.2 Competitive Advantages And Key Strengths

Our Group has a number of competitive advantages and key strengths that provide a strong platform to compete against other business operators, and also to facilitate business sustenance and growth.

i) Established Global Brand Names

The "7-Eleven" and "Singer" brand names are both established global brand names that are easily recognisable by many consumers.

The original business of 7-Eleven convenience stores started in the USA in 1927 and the brand name of "7-Eleven" made its first appearance in 1946 in the USA. In 1984, the "7-Eleven" brand name came to Malaysia. The "Singer" brand name has a longer history that started in 1851 in the USA, and came to Malaysia in 1906.

The long history of the "7-Eleven" and "Singer" brand names globally and locally has helped create a strong brand name and its recognition among Malaysian consumers. Our Group's business operating under these two established and highly recognised global brand names provide our Group with a distinct competitive advantage, especially in the consumer market, to facilitate business sustenance and growth.

ii) Extensive Sales Network

As our Group's business is focused on the consumer market, sales network is the key in ensuring that our products and services reach as many consumers as possible. In this respect, our Group has developed an extensive sales network for our chain of convenience stores and consumer durables.

As at LPD, 7-Eleven Group has established a wide network of 1,127 7-Eleven convenience stores throughout Malaysia, whilst Singer has 561 branches with approximately 3,500 independent sales agents located throughout Malaysia.

Our Group's large sales network is a key competitive advantage that will provide our Group with growth opportunities.

iii) Economies Of Scale

Our Group enjoys economies of scale derived from the sheer size of our operations, which is reflected in our Group's proforma consolidated revenue of RM1.54 billion for the Proforma FYE 2009. In addition, economies of scale are also derived from our wide network of 1,127 convenience stores, and 561 branches and approximately 3,500 independent sales agents for the direct selling of consumer durables as at LPD.

These economies of scale enable our Group to spread our fixed and operating costs across a large number of 7-Eleven stores and Singer branches and sales agents. This is particularly pertinent in terms of head office personnel and centralized functions including, procurement, warehousing, logistics, training, advertising and promotional costs.

The size of our Group's operations presents our Group with a stronger bargaining power to obtain better commercial terms from suppliers including product costs, credit terms and logistics arrangements.

Economies of scale represent a strong competitive advantage for our Group as it helps improve profit margin.

4. INFORMATION ON OUR GROUP (CONT'D)

iv) 24-Hour Convenience Store

As at LPD, all of our Group's 7-Eleven convenience stores operate 24 hours a day, seven days a week with the exception of eight (8) stores, which are located in shopping centres and follow the shopping centres' operating hours. As a result, consumers can be certain that they can make purchases from a 7-Eleven convenience store at any time, including late at night and on public holidays.

The 24 hours a day, seven days a week operations of 7-Eleven convenience stores is a competitive advantage, as consumers are drawn to the stores when other retailers such as provision shops, mini markets, supermarkets and hypermarkets are closed.

v) Financing For Consumer Durables

Our Group offers financing services to help our customers purchase consumer durables from Singer. Financing services includes hire purchase facilities for motorcycles, and equal payment scheme for consumer durables. These financing services allow customers to pay for their purchases through equal monthly payments over a period of time.

Singer's extension of financing services to its customers is a strong competitive advantage over other retailers that normally require full payment for items purchased. Singer's financing services makes its goods more affordable to a wider customer base.

vi) Franchising Business

Currently, almost all 7-Eleven convenience stores are fully-owned outlets. Our Group is currently embarking on a programme to franchise a significant proportion of our existing 7-Eleven convenience stores. 7-Eleven will offer support to franchisees in terms of training, management development, advertising, promotions and other support services.

Our franchising programme will provide 7-Eleven Group with additional income derived mainly from franchising fees and will free up capital for reinvestment in areas such as opening new 7-Eleven convenience stores.

As at LPD, a total of 142 candidates have paid the deposit and/or initial franchise fee for the franchise programme. As at LPD, thirty eight (38) of our 7-Eleven stores are operated by franchisees.

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4. INFORMATION ON OUR GROUP (CONT'D)

4.2.3 (i) Licensing Agreements With Brand Owners

7-Eleven's business of operating convenience stores under the "7-Eleven" trademark in Malaysia is subject to the terms and conditions of the ALA. Pursuant to the ALA, 7-Eleven, Inc. (USA) granted 7-Eleven the right to establish and operate 7-Eleven convenience stores and to grant sub-franchises to franchisees who will operate 7-Eleven convenience stores solely in Malaysia and Brunei Darussalam. The ALA is valid until 30 November 2033, and is renewable for additional terms of ten (10) years, subject to amongst others, material compliance with the terms of the ALA.

So long as 7-Eleven is in full compliance with the terms and conditions of the ALA, during the term of the ALA, 7-Eleven, Inc. (USA) shall not:-

- (i) grant franchises or licences to any person or entity other than 7-Eleven for the operation of convenience stores in these territories; and/or
- (ii) operate convenience stores in these territories.

The ALA shall be interpreted, construed and enforced under the laws of the State of Texas, United States of America.

By a Restructure and IPO Consent Agreement dated 5 January 2010, 7-Eleven, Inc. (USA) granted its consent to the Listing Scheme as set out in Section 2.2 of this Prospectus. In this connection, our Company guaranteed the performance of 7-Eleven's covenants, agreements and obligations to 7-Eleven, Inc. (USA) under the ALA. The Restructure and IPO Consent Agreement is governed and construed exclusively under and by the laws of the State of Texas, United States of America and the United States including the Federal Arbitration Act (and excluding any choice of law rules thereof and any state arbitration rules or regulations thereof).

Singer was granted the exclusive licence and right to use the "Singer" trademark in Malaysia pursuant to a License Agreement dated 26 August 1989 entered into with SSMC Inc as licensor (whose rights were subsequently assigned to Singer Asia Limited). Accordingly, Singer's business of marketing and direct selling of consumer durables under this trademark is subject to the terms and conditions of the agreement. The aforesaid exclusive licence will be automatically renewed for successive five-year periods in perpetuity, unless there is any material breach of the terms of the aforesaid agreement.



The principal trademarks utilised by our Group are those licenced to 7-Eleven and Singer pursuant to the respective agreements referred to above. Please refer to Section 4.2.15 of this Prospectus for the salient terms of the ALA, Restructure and IPO Consent Agreement dated 5 January 2010 and the License Agreement dated 26 August 1989.

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4. INFORMATION ON OUR GROUP (CONT'D)

(ii) Proprietary Trademarks

Apart from the trademarks licenced to 7-Eleven and Singer which are set out in Section 4.2.3 (i) of this Prospectus, our Group has registered the following trademarks with the Registrar of Trade Marks, Intellectual Property Corporation of Malaysia:-


Trademark	Trademark No.	Class/Specification of Goods	Validity Period
	93002412 11	air-conditioners for vehicles, air conditioning apparatus, air cooling apparatus, air driers, air purifying apparatus and machines, air sterilisers, heaters for baths, ceiling lights, gas burners, chandeliers, electric coffee percolators, electric coffee machines, containers (refrigerating), cookers, electric cooking utensils, electric deep fryers, distillation apparatus, air driers, hair-dryers, filters for drinking water, drying apparatus and installations, electric lamps, evaporators, fans (air-conditioning), freezers, gas generators (installations), generators, grills (cooking appliances), hand drying apparatus for washrooms, hot air ovens, hot plates, ice boxes, ice chests, ice machines and apparatus, electric kettles, kitchen ranges (ovens), ovens, electric pressure cookers (autoclaves), electric pressure cooking saucepans, refrigerating apparatus and machines, refrigerating cabinets, refrigerating chambers, refrigerating containers, refrigerators, saucepans (pressure cooking), showers, sterilizers, stoves, toasters, ultra-violet ray lamps (not for medical purposes), electric waffle irons, water heaters, water purifying apparatus and machines, water sterilizers; all included in Class 11	16.4.2010 to 15.4.2020
	93002411 11	air-conditioners for vehicles, air conditioning apparatus, air cooling apparatus, air driers, air purifying apparatus and machines, air sterilisers, heaters for baths, ceiling lights, gas burners, chandeliers, electric coffee percolators, electric coffee machines, containers (refrigerating), cookers, electric cooking utensils, electric deep fryers, distillation apparatus, air driers, hair-dryers, filters for drinking water, drying apparatus and installations, electric lamps, evaporators, fans (air-conditioning), freezers, gas generators (installations), generators, grills (cooking appliances), hand drying apparatus for washrooms, hot air ovens, hot plates, ice boxes, ice chests, ice machines and apparatus, electric kettles, kitchen ranges (ovens), ovens, electric pressure cookers (autoclaves), electric pressure cooking saucepans, refrigerating apparatus and machines, refrigerating cabinets, refrigerating chambers, refrigerating containers, refrigerators, saucepans (pressure cooking), showers, sterilizers, stoves, toasters, ultra-violet ray lamps (not for medical purposes), electric waffle irons, water heaters, water purifying apparatus and machines, water sterilizers; all included in Class 11	16.4.2010 to 15.4.2020

4. INFORMATION ON OUR GROUP (CONT'D)

Trademark	Trademark No.	Class/Specification of Goods	Validity Period
	93002415 7	<p>Agitators, air pumps (garage installations), air suction machines, electric beaters, electromechanical beverage preparation machines, electric blenders for household purposes, blowing machines for exhaustion of dust, bookbinding apparatus and machines, bottle washing machines, braiding machines, bread cutting machines, electrically operated brushes, butter machines, electric can openers, centrifugal machines, coffee grinders (other than hand operated), coin-operated washing machines, colour-washing machines, compressed air guns for the extrusion of mastics, compressors (machines), cream/milk separators, electric crushers/grinders (domestic), crushing machines, current generators, curtain drawing devices (electrically operated), cutters (machines), cutting machines, dishwashers, disintegrators, garbage disposals, drilling machines, electric hand drill, drying machines, filtering machines, electromechanical food preparation machines, electric food processors, electric fruit pressers for household purposes, fuel conversion apparatus for internal combustion engines, fuel economisers for motors and engines, generators (current), generators of electricity, grating machines for vegetables, electric grinders/crushers for household purposes, grinding machines, electric guns (glue), spray guns for paint, mechanically operated hand-held tools, hemming machines, ironing machines, electric kitchen machines, kneading machines, knitting machines, electric knives, lace making machines, lawnmowers (machines), meat choppers (machines), meat mincers (machines), mineral water making machines, mixers (machines), mixing machines, motors for boats, electric can-openers, electric tin-openers, spray guns for paint, pedal drives for sewing machines, peeling machines, pepper mills other than hand-operated, polishing machines other than for household purposes, pumps machines, rinsing machines, robots (machines), rotary steam presses (portable for fabrics), electric scissors, separators, sewing machines, sharpening machines, shredders (machines for industrial use), spin driers, spinning machines, spray guns for paint, spraying machines, stamping machines, portable steam presses for fabrics, stitching machines, tables for machines, threading machines, electric tin-openers, hand-held tools (mechanically-operated), trimming machines, vacuum pumps, washing machines, waste disposers (machines); all included in Class 7</p>	16.4.2010 to 15.4.2020



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4. INFORMATION ON OUR GROUP (CONT'D)

Trademark	Trademark No.	Class/Specification of Goods	Validity Period
	93002416 7	Agitators, air pumps (garage installations), air suction machines, electric beaters, electromechanical beverage preparation machines, electric blenders for household purposes, blowing machines for exhaustion of dust, bookbinding apparatus and machines, bottle washing machines, braiding machines, bread cutting machines, electrically operated brushes, butter machines, electric can openers, centrifugal machines, coffee grinders (other than hand operated), coin operated washing machines, colour-washing machines, compressed air guns for the extrusion of mastics, compressors (machines), cream/milk separators, electric crushers/grinders (domestic), crushing machines, current generators, curtain drawing devices (electrically operated), cutters (machines), cutting machines, dishwashers, disintegrators, garbage disposals, drilling machines, electric hand drill, drying machines, filtering machines, electromechanical food preparation machines, electric food processors, electric fruit presses for household purposes, fuel conversion apparatus for internal combustion engines, fuel economisers for motors and engines, generators (current), generators of electricity, grating machines for vegetables, electric grinders/crushers for household purposes, grinding machines, electric guns (glue), spray guns for paint, mechanically operated hand-held tools, hemming machines, ironing machines, electric kitchen machines, kneading machines, knitting machines, electric knives, lace making machines, lawnmowers (machines), meat choppers (machines), meat mincers (machines), mineral water making machines, mixers (machines), mixing machines, motors for boats, pedal drives for sewing machines, peeling machines, pepper mills other than hand-operated, polishing machines other than for household purposes, pumps machines, rinsing machines, robots (machines), rotary steam presses (portable for fabrics), electric scissors, separators, sewing machines, sharpening machines, shredders (machines for industrial	16.4.2010 to 15.4.2020

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4. INFORMATION ON OUR GROUP (CONT'D)

Trademark	Trademark No.	Class/Specification of Goods	Validity Period
	93002414 9	<p>electric alarm bells, fire alarms, amplifiers, anti-theft warning apparatus, electric devices for attracting and killing insects, audiovisual teaching apparatus, balancing apparatus, bar code readers, electric batteries, battery charges, binoculars, electric buzzers, cabinets for loudspeaker, calculating machines, cameras, electric machines for carpet shampooing, cash registers, charges for electric batteries, chronographs (time recording apparatus, circuit breakers, compact discs (audio-video), computer keyboards, computer software (recorded), computers, printers for use with computers, electric converters, dictating machines, compact discs (audio-video), distance measuring apparatus, distance recording apparatus, electric door closers, electric door openers, electric door bells, electroplating apparatus, extinguishers, facsimile machines, fire alarms, fire extinguishing apparatus, electric flat irons, floor polishing machines, floppy disks, electrically heated hair-curlers, head cleaning tapes (recording), intercommunication apparatus, electric light dimmers (regulators), loudspeaker, modems, monitor, electric parquet wax-polishers, electric polishing apparatus and machines for household purposes, floor polishing machines, projection apparatus, radios, receivers (audio and video), telephone receivers, remote control apparatus, electric shoe polishers, slide projectors, tape recorders, telephone apparatus, television apparatus, electronic transistors, vacuum cleaners, video tapes, video recorders, electric wax-polishing machines for household purposes, word processors; all being goods included in class 9</p>	16.4.2010 to 15.4.2020
	93002413 9	<p>electric alarm bells, fire alarms, amplifiers, anti-theft warning apparatus, electric devices for attracting and killing insects, audiovisual teaching apparatus, balancing apparatus, bar code readers, electric batteries, battery charges, binoculars, electric buzzers, cabinets for loudspeakers, calculating machines, cameras, electric machines for carpet shampooing, cash registers, charges for electric batteries, chronographs (time recording apparatus), circuit breakers, compact discs (audio-video), computer keyboards, computer software (recorded), computers, printers for use with computers, electric converters, dictating machines, compact discs (audio-video), distance measuring apparatus, distance recording apparatus, electric door closers, electric door openers, electric door bells, electroplating apparatus, extinguishers, facsimile machines, fire alarms, fire extinguishing apparatus, electric flat irons, floor polishing machines, floppy discs, electrically heated hair-curlers, head cleaning tapes (recording), intercommunication apparatus, electric light dimmers (regulators), loudspeakers, modems, monitors, electric parquet wax-polishers, electric polishing apparatus and machines for household purposes, floor polishing machines, projection apparatus, radios, receivers (audio and video), telephone receivers, remote control apparatus, electric shoe polishers, slide projectors, tape recorders, telephone apparatus, television apparatus, electronic transistors, vacuum cleaners, video tapes, video recorders, electric wax-polishing machines for household purposes, word processors; all included in Class 9</p>	16.4.2010 to 15.4.2020

4. INFORMATION ON OUR GROUP (CONT'O)

4.2.4 Marketing And Distribution Channel Strategies

i) Marketing Strategies

Our Group's marketing strategy for the "7-Eleven" brand name is to position "7-Eleven" as the convenience store of choice. Our Group strives to create strong brand name values to associate shopping at 7-Eleven convenience stores with convenience, value and choice.

Our Group's marketing strategy for the "Singer" brand name is to maintain the "Singer" brand name's reputation as a supplier of durable, quality sewing machines and home appliances. Our Group also works to associate the "Singer" brand name with customer service and easy ownership of consumer durables through our Group's hire purchase and equal payment financing schemes.

7-Eleven and Singer conduct national advertisement campaigns to promote the "7-Eleven" and "Singer" brand names. Advertisements are normally placed on television, radio and in print media such as newspapers and magazines.

In addition, 7-Eleven and Singer periodically organise events and competitions to encourage customers to shop at 7-Eleven convenience stores and to purchase consumer durables from Singer.

ii) Distribution Channel

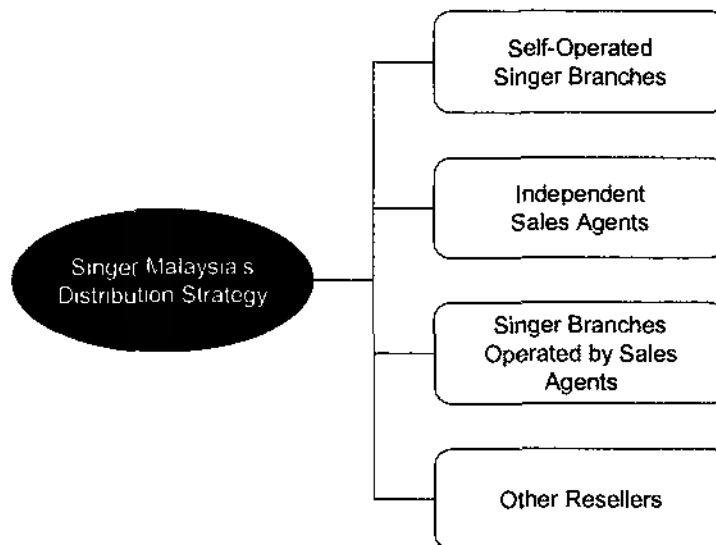
Our Group's distribution channel strategy for 7-Eleven is currently primarily based on direct distribution. 7-Eleven's direct distribution strategy is executed through its chain of 7-Eleven convenience stores. As at LPO, almost all of the 7-Eleven convenience stores in Malaysia are operated by 7-Eleven and CSSSB, while thirty eight (38) of our 7-Eleven stores are operated by our franchisees.

As part of our Group's future plans, our Group has begun to sign-up entrepreneurs to operate existing 7-Eleven convenience stores on a franchise basis. As at LPO, a total of 142 candidates have paid the deposit and/or initial franchise fee for the franchise programme. In addition, 7-Eleven formalised a joint collaboration with Perwira Niaga Malaysia (PERNAMA) in December 2009 to offer at least 100 ex-servicemen resettlement opportunities with job placement at 7-Eleven stores within the next two (2) years, with the aim of becoming 7-Eleven franchisees.

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4. INFORMATION ON OUR GROUP (CONT'D)

Our Group's distribution channel strategy for Singer is depicted in the following diagram:-



Singer's distribution strategy is executed through four channels. As at LPD, 135 of Singer's branches are operated directly, and 426 Singer branches were operated by sales agents. In addition, Singer has approximately 3,500 independent agents. Singer Malaysia also distributes its products through other resellers.

4.2.5 7-Eleven Store Franchise Programme

Currently, almost all 7-Eleven convenience stores are fully-owned outlets. Thirty eight (38) of our 7-Eleven stores are currently operated by our franchisees. As at LPD, a total of 142 candidates have paid the deposit and/or initial franchise fee for the franchise programme. Our Group is currently embarking on a programme to increase substantially the number of its 7-Eleven convenience stores on a franchise basis.

A new franchisee needs to pay upfront a total sum of RM250,000 for non-refundable franchise fee, purchase of stock at cost and security deposit. In return, the franchisee will get a share of gross profit margin to be determined based on profitability of the existing store and an incentive for compliance.

The salient terms of the 7-Eleven store franchise programme include:-

- the franchisee pays 7-Eleven a non-refundable franchise fee;
- the franchisee pays 7-Eleven a security deposit and payment for stocks. The security deposit is refundable to the franchisee upon maturity of the franchise agreement or upon the termination of the franchise agreement. 7-Eleven will repurchase the stocks from the franchisee upon maturity of the franchise agreement or upon the termination of the franchise agreement.

7-Eleven will offer support to franchisees in terms of training, management development, advertising, promotions and other support services.

By rolling out the 7-Eleven store franchise programme, our Group expects to free up capital for reinvestment in areas such as opening new 7-Eleven convenience stores. Based on similar 7-Eleven franchise programme in other 7-Eleven markets, sales of franchised stores are expected to grow.

As part of our future plans, our Group intends to progressively increase the number of 7-Eleven convenience stores that are operated on a franchise basis.

4. INFORMATION ON OUR GROUP (CONT'D)

As described in Section 4.2.4 (ii) of this Prospectus, 7-Eleven has formalised a joint collaboration with PERNAMA in December 2009. In the first phase of the collaboration, 7-Eleven will provide candidates selected by PERNAMA with three (3) months of on-the-job training. Upon completion of the training, the candidates can choose to work as a Store Manager with 7-Eleven or to operate an existing 7-Eleven store on a franchise basis. As at LPD, 39 PERNAMA candidates have been selected, of whom 13 have started on-the-job training.

4.2.6 Customers, Principal Markets And Seasonality

Our Group's customer base primarily comprises the following types of customers:-

- walk-in customers at 7-Eleven convenience stores;
- individual customers who purchase consumer durables on a cash basis;
- Singer's independent sales agents, who subsequently sell the consumer durables to their customers; and
- small businesses that purchase consumer durables from Singer.

Our Group's customers for our financing services consist of customers who purchase consumer durables from Singer using our hire purchase or equal payment scheme.

Our Group principally markets our products and services in Malaysia. None of our Group's customers accounted for 10% or more of our Group's total revenue for the past three (3) Proforma FYE 2007 to Proforma FYE 2009, and our Group is not dependent on any single customer for business.

Our Group's principal business activities experience some seasonality. The 7-Eleven convenience stores normally experience above-average business during weekends, public holidays, Chinese New Year, Christmas, Deepavali and Hari Raya. Our Group's Singer branches normally experience above-average business during Hari Raya.

4.2.7 Government And Environmental Regulations

Trading, Signboard And Retail (for the Retail Distribution of Rice) Licences

Under the Local Government Act 1976, each of our Group's 7-Eleven convenience stores and Singer branches is required to obtain a trading licence from the relevant local councils in order to operate. A trading licence is normally valid for a period of one year, and may be renewed as and when it expires.

Under the Local Government Act 1976, each of our Group's 7-Eleven convenience stores and Singer branches is required to obtain a signboard licence from the relevant local council to display a signboard at its premises. A signboard licence is normally valid for a period of one year, and may be renewed as and when it expires.

Some of our Group's 7-Eleven convenience stores are engaged in the retail selling of rice. Under the Control of Padi and Rice Act 1994, those who wish to engage in the retail distribution of rice are required to obtain a retail licence under the Control of Padi and Rice (Wholesale and Retail Licensing) Regulation 1996. The licence is issued by the Ministry of Agriculture and Agro-Based Industry. A retail licence is normally valid for a period of two years, and may be renewed as and when it expires.

As at LPD, most of our Group's 7-Eleven convenience stores and Singer branches have the relevant valid licences from the authorities. The remaining 7-Eleven convenience stores and Singer branches are in the process of obtaining or renewing the relevant licences from the authorities. Further details on the licences are as set out in Section 4.6.2 of this Prospectus.

4. INFORMATION ON OUR GROUP (CONT'D)

Direct Sales Licence

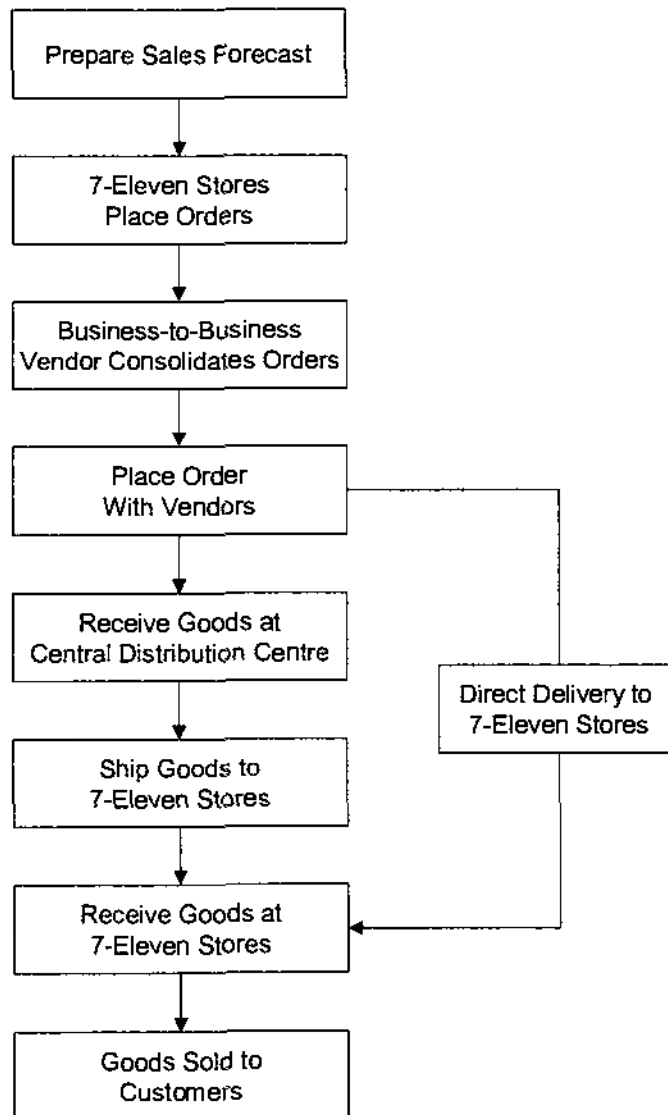
Under the Direct Sales Act 1993, a company that wishes to carry out the sale of goods through the direct sales method is required to obtain a Direct Sales Licence issued by the Ministry of Domestic Trade, Co-operatives and Consumerism. Singer holds a Direct Sales Licence that is valid until 21 December 2011. A Direct Sales Licence may be renewed as and when it expires.

Hire-Purchase Act 1967

The Ministry of Domestic Trade, Co-operative and Consumerism oversees/governs the Hire-Purchase Act 1967. The hire purchase financing for motorcycles provided by Singer is governed by the terms of the Hire-Purchase Act 1967. A licence is not required for Singer to carry out its hire-purchase business.

4.2.8 Business Process

i) General Process Flow For 7-Eleven Store Operations



4. INFORMATION ON OUR GROUP (CONT'D)

In line with the "Retailer initiative" concept, individual 7-Eleven convenience stores prepare a sales forecast for their goods. Each convenience store has access to 14 weeks of historical sales analysis data to help in preparing the sales forecast. Orders for goods are made based on the sales forecast.

7-Eleven stores send their orders for goods to a Business-to-Business vendor, which is simultaneously notified to 7-Eleven's head office and the CDC. The Business-to-Business vendor aggregates orders from individual 7-Eleven convenience stores, and places orders to goods vendors.

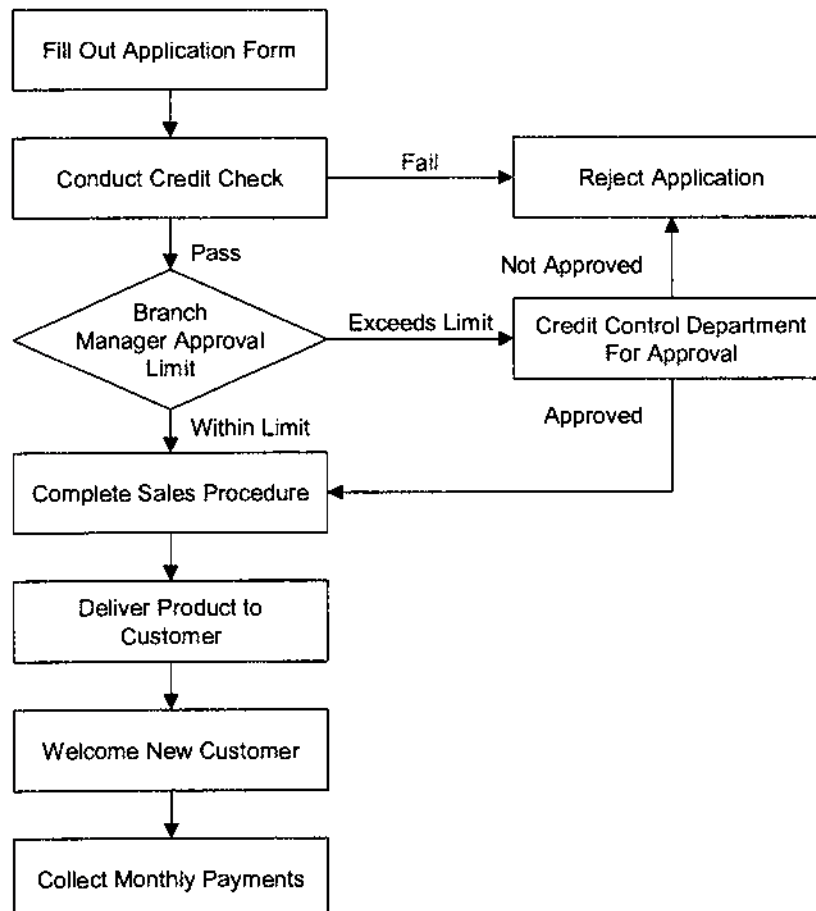
A substantial portion of the goods that the Group purchases for its 7-Eleven convenience stores are delivered to the Group's CDC. In keeping with the "flow-through warehouse" concept, the CDC acts as a central clearing house that distributes goods from various vendors to individual 7-Eleven convenience stores.

Some goods, such as tobacco products, products with short shelf life (such as newspapers and bread), and products that require specialised distribution channels (such as ice cream and chocolate) are delivered directly from the vendor to individual 7-Eleven convenience stores.

The goods are received by individual 7-Eleven convenience stores, where they are checked to ensure that the order is complete.

The goods are then placed on display at the 7-Eleven convenience stores and sold to customers.

ii) Process Flow For Singer's Sales Made On Financing Schemes



4. INFORMATION ON OUR GROUP (CONT'D)

In general, the process flow used by Singer to process sales of motorcycles and consumer durables that are financed by hire purchase financing and equal payment schemes are similar.

The potential customer fills out an application form. Singer then conducts a credit check on the potential customer. The applications of potential customers who have been blacklisted and who fail the credit check are rejected.

The amount of credit requested by potential customers who pass the credit check is compared with the Branch Manager's credit approval limit. If the amount exceeds the limit, the application is forwarded to the Singer's Credit Control Department for approval. The application is rejected if the Credit Control Department does not approve.

The sales process for applications that are within the Branch Manager's credit approval limit, and which are approved by the Credit Control Department can then be completed:-

- an initial payment is collected from the customer;
- the customer is issued with a receipt; and
- the customer signs the Hire Purchase Agreement or Equal Payment Agreement.

The product is then delivered to the customer.

Singer's Customer Service Department also places welcome telephone calls to randomly selected customers. Monthly payments are collected from the customer. The Singer branch that originates the sale is generally responsible for collecting the monthly payment from the customer.

4.2.9 Technology

i) SEMRIS

Our Group utilises technology related to an integrated computerised logistics and management system to facilitate our Group's 7-Eleven convenience store operations. This system is known as "7-Eleven Malaysia Retail Information System" ("**SEMRIS**") which links 7-Eleven's head office in Kuala Lumpur to the CDC in Shah Alam, Selangor Darul Ehsan and every individual 7-Eleven convenience store in Malaysia.

SEMRIS enables individual 7-Eleven convenience stores to track and manage their inventory, and enables the CDC to track and manage inventory, order goods from suppliers as well as to organise and schedule deliveries of goods from the CDC to individual 7-Eleven convenience stores in Peninsular Malaysia. The SEMRIS sales forecasting helps 7-Eleven streamline its warehousing and procurement functions.

ii) RAC

Our Group utilises an integrated computerised system known as "Regional Administration Centre" ("**RAC**") to link all of our Group's Singer branches to its head office. Singer branches utilise the RAC system to track sales, order goods from Singer, and organise payment collection.

4. INFORMATION ON OUR GROUP (CONT'D)

4.2.10 Supplies And Major Suppliers

Our Group's purchases comprise principally goods for our Group's convenience store operations and direct selling of consumer durables. Our suppliers are principally sourced locally and prices of supplies are not volatile.

Our Group's major supplier with purchases exceeding 10% of total Group's purchases for the past three (3) Proforma FYE 2007 to Proforma FYE 2009 are as follows:-

Supplier	% Of Total Purchases		
	Proforma FYE 2007	Proforma FYE 2008	Proforma FYE 2009
Commercial Marketers & Distributors Sdn Bhd	19.9%	19.4%	21.3%

Our Group has cultivated a strong and good working relationship with our pool of suppliers including various multinational companies. Our Group has been dealing with approximately 75% of our top 20 suppliers in the Proforma FYE 2009 for ten (10) years or more. We have not encountered any material disruption in the supply of goods. Going forward, our Group does not expect to encounter any significant problem in obtaining products from and continuing the relationship with our suppliers. Our Group also does not expect to face difficulties in sourcing quality merchandise at competitive prices from our large pool of suppliers.

4.2.11 Material Capital Expenditures And Divestments

	Proforma FYE 2007 (RM '000)	Proforma FYE 2008 (RM '000)	Proforma FYE 2009 (RM '000)
Capital Expenditure			
Property, Plant and Equipment	19,673	61,353	38,842
Investment in Properties	310	-	-
Total	19,983	61,353	38,842
Capital Divestment			
Property, Plant and Equipment	219	1	-
Disposal of motor vehicle	212	547	-
Assets held for sales	1,311	77	-
Total	1,742	625	-

During the past three (3) financial years (Proforma FYE 2007 to Proforma FYE 2009) up to the date of this Prospectus, our Group's total material capital expenditures amounted to approximately RM140.5 million, principally relating to the opening of 340 new 7-Eleven convenience stores and the acquisition of the exhibition hall at Berjaya Times Square shopping complex. During the same period, material capital divestments by our Group, principally relating to divestment of properties, amounted to approximately RM2.4 million.

Further details on our Group's material commitments for capital expenditures are set out in Section 8.2.2 (iv) and Section 8.2.3 (iv) of this Prospectus. There are no material capital divestments currently in progress.

4. INFORMATION ON OUR GROUP (CONT'D)

4.2.12 Research & Development

R&D is not a critical requirement for our Group's business operations. As a result, our Group does not carry out any specific R&D activities, and therefore has not formulated any R&D policy. Our Group currently does not possess any dedicated R&D facilities, and does not hire dedicated R&D personnel.

Our Group currently operates an in-house quality assurance testing facility located at the Singer Parts & Services Department. The quality assurance testing facility is mainly engaged in carrying out quality assurance and functionality tests on home appliances and sewing machines that are procured from original equipment manufacturers before they are sold to customers under the "Singer" brand name.

4.2.13 Employees

Recognising the importance of a strong team of management and technical personnel to meet our Group's growth plans, our Group places great emphasis on staff training and development. Training programmes include managerial and leadership, sales agent, credit control, system and technical trainings.

Our Group's employment structure as at the end of the past three (3) financial years ended 31 December 2009 and as at LPD were as follows:-

Category Of Employees	As At 31.12.2007	As At 31.12.2008	As At 31.12.2009	As At LPD
Directors, management and professionals	415	399	407	426
Clerical and administrative	978	902	927	997
Sales and marketing	60	57	66	63
7-Eleven store managers	973	1,018	1,128	1,212
7-Eleven store associates	5,396	6,346	6,199	5,777
Singer branch managers	123	125	132	139
Total	7,945	8,847	8,859	8,614

The significant increase in total headcount from 7,945 as at 31 December 2007 to 8,847 as at 31 December 2008 was mainly due to the increase in the number of 7-Eleven stores.

In 2009, our Group employed an average of 419 contractual/temporary employees.

There are two (2) categories of employees, namely non-unioned and unioned under the National Union of Commercial Workers. The unioned workers consist of general workers and clerks in Singer Group numbering approximately 180. There has been no industrial dispute with the abovementioned union. The relationship and cooperation between our management and our employees have always been good and this is expected to continue.

4. INFORMATION ON OUR GROUP (CONT'O)

Our Directors consider that our Group offers a comprehensive and competitive remuneration and benefits package to all our employees. Any adjustment of the remuneration and benefits of our Group's employees will depend on their respective performance.

4.2.14 Interruptions In Operation

Our Group did not experience any interruption in our business which had a significant effect on our operations during the past twelve (12) months prior to the date of this Prospectus.

4.2.15 Salient Terms of the ALA, Restructure and IPO Consent Agreement And License Agreement

i) ALA dated 1 December 2003 between 7-Eleven (under its former name of Convenience Shopping Sdn Bhd) and 7-Eleven, Inc. (USA)

ALA dated 1 December 2003 between 7-Eleven and 7-Eleven, Inc. (USA), a corporation organised and existing under the laws of the State of Texas, United States of America, whereby 7-Eleven, Inc. (USA) grants to 7-Eleven, the rights to establish and operate the "7-Eleven stores" solely in Malaysia and Brunei Darussalam (collectively the "Territories") and to grant sub-franchises to franchisees who will operate the "7-Eleven stores" solely in the Territories. The parties agree that the franchise is a non-exclusive and limited right and licence permitting 7-Eleven to use, in connection with its development and operation of 7-Eleven stores and/or the grant of sub-franchises to franchisees, the trade name and mark "7-Eleven®" and the overall appearance created by the exterior and interior of the "7-Eleven stores".

The term of the agreement is for a period of thirty (30) years commencing from the date of the agreement and, subject to 7-Eleven complying with the conditions of the agreement, is renewable at the option of 7-Eleven for additional terms of ten (10) years each. During the term of the agreement, 7-Eleven, Inc. (USA) shall not (i) grant franchises or licences to any person or entity other than 7-Eleven for the operation of the "7-Eleven stores" in the Territories and/or (ii) operate "7-Eleven stores" in the Territories. 7-Eleven shall pay 7-Eleven, Inc. (USA) on or before the tenth (10th) day of each month during the initial term, a royalty from all 7-Eleven stores in the Territories owned or operated by 7-Eleven or by 7-Eleven's franchisees.

7-Eleven also grants to 7-Eleven, Inc. (USA) the right of first refusal to purchase all or any part of 7-Eleven's rights and obligation under the agreement and/or any substantial portion of the other assets of 7-Eleven's business and any direct or indirect interest in 7-Eleven. 7-Eleven is required to procure insurance of the type and in the amounts stipulated in Section V (M) of the ALA. The ALA is interpreted, construed and enforced under the laws of the State of Texas, United States of America (without reference to, and without giving effect to, Texas choice of law principals).

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4. INFORMATION ON OUR GROUP (CONT'D)

ii) Restructure And IPO Consent Agreement dated 5 January 2010 between 7-Eleven, Inc. (USA), 7-Eleven, Premier Merchandise Sdn Bhd, B-Retail, HQZ Credit Sdn Bhd, Intan Utilities Berhad, Vista Meranti Sdn Bhd and TSVT

Restructure And IPO Consent Agreement, dated 5 January 2010, between 7-Eleven, Inc. (USA), 7-Eleven, Premier Merchandise Sdn Bhd, B-Retail, HQZ Credit Sdn Bhd, Intan Utilities Berhad, Vista Meranti Sdn Bhd and TSVT, whereby 7-Eleven, Inc. (USA) consents to the undertaking of the Listing Scheme by B-Retail and the other parties. 7-Eleven, Inc. (USA) agrees to waive its right of first refusal (granted to it by 7-Eleven pursuant to Section XIII of the ALA) with regards to the following:

- the sale and purchase of the shares in 7-Eleven and Singer and the issuance and allotment of new B-Retail Shares and ICPS pursuant to the Acquisition of 7-Eleven and Singer;
- the transfer of the B-Retail Shares and ICPS pursuant to the Dividend-In-Specie;
- the IPO Shares offered pursuant to the Offer for Sale; and
- the IPO ICPS offered pursuant to the Offer for Sale.

Any further transactions (other than the Listing Scheme and the transfers as permitted under the ALA) in relation to any rights and/or obligations under the ALA or any franchise agreement; any direct or indirect ownership interest in 7-Eleven or any of 7-Eleven's controlling principals, including, without limitation, the voting stock or other equity ownership interest of 7-Eleven or any of 7-Eleven's controlling principals, but excluding any shares of stock in any publically held entity which are not owned by TSVT or by an entity controlled by TSVT, provided that TSVT retains control over 7-Eleven, and/or all or a substantial portion of the assets of 7-Eleven is subject to 7-Eleven, Inc. (USA)'s prior written consent.

Should there be any subsequent material changes to the Listing Scheme, the consent of 7-Eleven, Inc. (USA) should be obtained before any application of the said revision are made to the relevant authorities and such consent will not be unreasonably withheld by 7-Eleven, Inc (USA).

The Restructure And IPO Consent Agreement is governed and construed exclusively under and by the laws of the State of Texas, United States of America and the United States including the Federal Arbitration Act (and excluding any choice of law rules thereof and any state arbitration rules or regulations thereof).

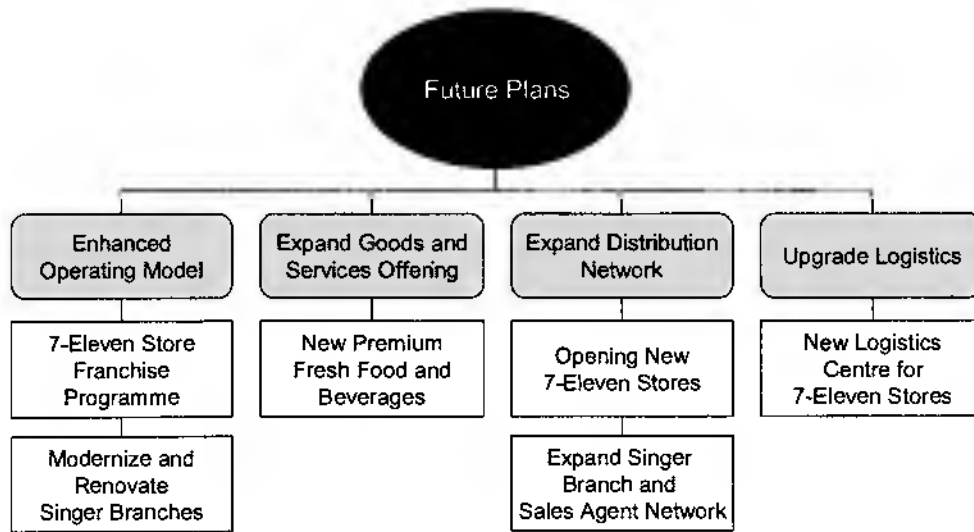
iii) License Agreement dated 26 August 1989 between SSMC Inc. and Singer (under its former name of Regnis (Malaysia) Sdn Bhd) ("License Agreement")

License Agreement dated 26 August 1989 between SSMC Inc., a Delaware corporation located at Connecticut, United States of America and Singer whereby SSMC Inc. grants to Singer the rights to translate, reproduce and publish products manufactured by SSMC Inc. (except computers, software, semi-conductor chips, topographies, accessories and related goods and services and goods or services relating to gambling or lottery operation) together with the rights to use the trademarks in connection thereof and the word "SINGER" as part of Singer's corporate name in Malaysia. SSMC Inc. shall have the right to terminate the agreement if Singer shall fail to remedy any breach of the License Agreement within sixty (60) days from the date of written notice by SSMC Inc. to Singer. Singer shall pay SSMC Inc. a royalty of the net sales of Singer for each quarter of the year. The License Agreement shall continue for a term of five (5) years from the date of the License Agreement, and shall thereafter be automatically renewed for successive five (5) year periods in perpetuity. The License Agreement shall not be assignable nor transferable without the consent of the other party. The License Agreement is governed by the laws of Malaysia.

4. INFORMATION ON OUR GROUP (CONT'D)

4.3 Future Plans And Strategies

Our Group's future plans are focused on four areas as depicted in the diagram below:-



4.3.1 Enhanced Operating Model

i) 7-Eleven Store Franchise Programme

As set out in Section 4.2.5 of this Prospectus, 7-Eleven Group is currently embarking on a programme to increase substantially the number of its 7-Eleven convenience stores on a franchise basis.

In addition, as described in Section 4.2.4 (ii) of this Prospectus, 7-Eleven has formalised a joint collaboration with PERNAMA to offer job placements in 7-Eleven stores, with the aim of increasing the number of 7-Eleven franchisees.

ii) Modernise And Renovate Singer Branches

For the next three (3) years, our Group plans to progressively renovate and modernize our network of Singer branches and introduce a new store format to provide a better ambience for the increasingly discerning customers and enhance their ability to attract and generate sales from walk-in retail customers.

4.3.2 Expand Goods And Services Offering

New Premium Fresh Food And Beverage

7-Eleven Group is expanding its food service offerings at its 7-Eleven convenience stores by offering new premium fresh food and beverage items to customers.

7-Eleven Group plans to work closely with fresh food manufacturers that are located close to its 7-Eleven convenience stores to supply freshly prepared food items, including local specialities, for sale at its 7-Eleven convenience stores.

4. INFORMATION ON OUR GROUP (CONT'O)

7-Eleven Group has embarked on a pilot "Hot Beverage" programme which was launched on 19 April 2009. The goal of the "Hot Beverage" programme is to provide customers with both high quality and freshly brewed speciality coffee at affordable prices, available to customers 24 hours a day, seven days a week. The pilot programme was a success, and 7-Eleven expects to roll out the "Hot Beverage" programme to about 100 7-Eleven stores in 2010.

7-Eleven Group's efforts to introduce new premium fresh food and beverage items at 7-Eleven convenience stores are ongoing. New items are being progressively introduced at its 7-Eleven convenience stores.

4.3.3 Expand Distribution Network

Our Group plans to expand our network of 7-Eleven convenience stores by opening new 7-Eleven convenience stores throughout Malaysia. As part of our future plan, 7-Eleven Group plans to open about 150 new 7-Eleven convenience stores during the year 2010.

Our Group also plans to expand Singer's network of branches and independent authorised sales agents. As at LPD, Singer had a total of 561 Singer branches and approximately 3,500 independent sales agents. Singer is expanding its network by recruiting new sales agents to operate new Singer branches, and new independent sales agents to expand its reach and better serve the needs of its customers. Singer plans to increase the number of Singer branches and sales agent shops to about 1,000 within the next five (5) years.

4.3.4 New Logistic Centre For 7-Eleven Convenience Stores

7-Eleven Group plans to upgrade its logistics function by setting up a new dedicated purpose-built facility that is designed to maximise efficient receiving, processing and distribution of goods, which will assume and expand the functions currently fulfilled by 7-Eleven Group's existing CDC located on rented premises in Shah Alam, Selangor Darul Ehsan. The new logistics centre is anticipated to be located on 7-Eleven Group's 4-acre land in Bukit Jelutong, Selangor Darul Ehsan. Construction and development of the new logistics centre are expected to take within two (2) years. The construction and equipment costs which are currently estimated to be RM40 million, are envisaged to be funded via internally generated funds and/or external borrowings.

4.4 Our Group's Future Prospects

Underpinned by the outlook and drivers of growth of the retailing industry focusing on convenience store operations and direct selling of consumer durables in Malaysia as set out in Section 10 of this Prospectus, coupled with our Group's competitive strengths and commitment to implement our growth strategies outlined above, our Board is optimistic that the Group's prospect is promising in the foreseeable future.

4. INFORMATION ON OUR GROUP (CONT'D)

4.5 Information On Material Land And Buildings

As at 31 December 2009, the total audited net book value of our Group's land and buildings is RM46.8 million. The details of the land and buildings with net book value exceeding RM1 million are as follows:-

No.	Property Address/Title Identification	Registered owner	Tenure of Property	Type of Property	Description and Existing Use/ Approximate Age of Building (Years)	Category of Land Use	Land Area/ Built up Area (Square feet)	Restriction in interest/ Express Conditions/ Major Encumbrances	Audited Net Book Value as at 31.12.2009 (RM'000)
1.	No. 211, Jalan Perkasa 1, Taman Maluri, 55100 Kuala Lumpur / H.S.(D) 10842, Lot No. PT 266, Mukim of Ampang, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	7-Eleven	Leasehold of 99 years, expiring on 24.5.2076	4 storey shop office (corner lot)	Ground floor – 7-Eleven retail outlet Other floors – for rental purposes / 28 years	Building	2,208 & 8,832	Nil/(2)/(3)	1,892
2.	No. 213, Jalan Perkasa 1, Taman Maturi, 55100 Kuala Lumpur / H.S.(D) 10843, Lot No. PT 267, Mukim of Ampang, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	7-Eleven	Leasehold of 99 years, expiring on 24.5.2076	4 storey shop office (intermediate lot)	Ground floor – for rental purposes Other floors – for rental purposes / 28 years	Building	1,760/ 7,018	Nil/(2)/(3)	
3.	No. 49, Jalan Sultan Ismail, 50250 Kuala Lumpur / GRN 33869, Lot No. 746, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur GRN 24043, No. Lot 887, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	7-Eleven	Freehold (1)	2 ½ storey shop office (intermediate lot)	Ground floor – 7-Eleven retail outlet Other floors – for rental purposes / 52 years	None	1,803/ 3,440	Nil/(4)/(5)	3,166

4. INFORMATION ON OUR GROUP (CONT'D)

No.	Property Address/Title identification	Registered owner	Tenure of Property	Type of Property	Description and Existing Use/ Approximate Age of Building (Years)	Category of Land Use	Land Area/ Built up Area (Square feet)	Restriction in Interest/ Express Conditions/ Major Encumbrances	Audited Net Book Value as at 31.12.2009 (RM'000)
4.	No. 10, Jalan Tiara 2, Bandar Baru Klang, 41150 Klang / PM 411 Lot 31627 (formerly known as H.S.(M) 14944, Lot No. PT 21432). Mukim of Keapar. Bukit Raja. District of Klang. State of Selangor Darul Ehsan	7-Eleven	Leasehold of 99 years, expiring on 8.5.2093	4 storey shop office (intermediate lot)	Ground floor – 7-Eleven retail outlet Other floors – for rental purposes / 12 years	Building	1.645/ 6.402	(10) ⁽¹⁾ / ⁽¹⁾ /Nil	1,291
5.	No. 2, Jalan Impian Mahkota 1, Saujana Impian, 43000 Kajang / GRN 125103 Lot 3423 Section 9. (formerly known as H.S.(D) 48448 Lot No. PT 37817). Town of Kajang. District of Hulu Langat. State of Selangor Darul Ehsan	7-Eleven	Freehold	3 storey shop office (intermediate lot)	Vacant / 2 years	Building	1.604/ 4,800	Nil/ ⁽¹⁾ /Nil	1,083
6.	No. 2, Jalan Hang Lekiu, 50100 Kuala Lumpur / GRN 7917 Lot No. 79, Section 13. Town and District of Kuala Lumpur. State of Wilayah Persekutuan Kuala Lumpur	7 Properties	Freehold	4 storey shop office (corner lot)	Ground floor – 7-Eleven retail outlet Other floors – for rental purposes / 12 years	None	1,034/ 4,125	Nil/Nil/ ⁽⁹⁾	2,977
7.	No. 46, Jalan Permas 10, Bandar Baru Permas Jaya, 81750 Masai. Johor Darul Takzim / GRN 144125 (formerly known as H.S.(D) 215254), Lot No. 63908. Mukim of Pientong, District of Johor Bahru. State of Johor Darul Takzim	7 Properties	Freehold	4 storey shop office (corner lot)	Ground floor – 7-Eleven retail outlet Other floors – for rental purposes / 15 years	Building	2,582/ 9,312	(10) ⁽¹⁾ / ⁽¹⁾ /Nil	1,068

4. INFORMATION ON OUR GROUP (CONT'D)

No.	Property Address/Title Identification	Registered owner	Tenure of Property	Type of Property	Description and Existing Use/ Approximate Age of Building (Years)	Category of Land Use	Land Area/ Built up Area (Square feet)	Restriction in Interest/ Express Conditions/ Major Encumbrances	Audited Net Book Value as at 31.12.2009 (RM'000)
8.	G17 & G18, Ground Floor, Wisma Cosway, Jalan Raja Laut, 50200 Kuala Lumpur / GRN 5868/M1/1/18 & GRN 5868/M1/1/19, Lot 1165, Section 57, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	7 Properties	Freehold	2 parcel of retail lots in office tower (corner lot)	7-Eleven retail outlet 27 years	Building	NA/ 602.78	Nil/Nil/Nil	1,417
9.	No. 1, Block 6, Jalan Jalil Jaya 7, Jalil Link Bukit Jalil, 57000 Kuala Lumpur / Lot 52, comprised within Master Title GRN 47472, Lot No. 36459, Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	7 Properties	Freehold	4 storey shop office (corner lot)	Ground floor – 7-11 retail outlet Other floors – for rental purposes / 1 year	Building	1,750/ 6,688	(127/13)/Nil	2,200
10.	Plot No. 3, Persiaran Gerbang Utama, Bukit Jelutong Industrial Park, 40150 Shah Alam Selangor Darul Ehsan / Geran 97607 Lot No. 64408, Mukim of Damansara, District of Petaling Jaya, State of Selangor Darul Ehsan	Tetuk Juara	Freehold	Land	Vacant	Industrial	174,181/-	Nil/Nil/Nil	10,758
11.	Unit No. 06-16, 6 th Floor, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan / Unit No. 06-16, comprised within Master Title GRN 56069, Lot 2001 Section 52, Town and District of Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur	Biofield	Freehold	Retail lot	Exhibition hall 6 years	Building	13,369 (Floor Area)	Nil/Nil/Nil	10,360

4. INFORMATION ON OUR GROUP (CONT'D)

Notes:-

- (1) The certificate of fitness ("CF") was not delivered to 7-Eleven when the property was purchased from a third party. Further, 7-Eleven was not able to request the said CF from the developer of the property as it does not have any details pertaining thereto. 7-Eleven had subsequently made attempts to obtain the CF from the local council but the local council was unable to trace a copy of the CF and thus, unable to provide the same to 7-Eleven. Alternatively, 7-Eleven has appointed an architect to make the necessary application to obtain a new CF for the Property from the local council.
- (2) The express conditions state that the land can only be used as a shop office and that the development on the land has to comply with the development order issued by the mayor of Kuala Lumpur.
- (3) Charged to Affin Bank Berhad vide Presentation No. 404/2005, dated 17 January 2005 and RHB Bank Berhad vide Presentation No. 4030/2006, dated 13 March 2006.
- (4) The retail outlet forms part of a shophouse development built on the lands of which the express condition states that they are to be used for agricultural properties. 7-Eleven has appointed an architect to make the necessary application for the conversion of the said express condition to commercial buildings.
- (5) Charged to RHB Bank Berhad vide Presentation No. 4028/2006, dated 13 March 2006.
- (6) The land is non transferable, leaseable or chargeable without the State Authority's consent.
- (7) The express conditions state that the property is to be used as a commercial building.
- (8) Charged to RHB Bank Berhad vide Presentation No. 1556/2006, dated 14 March 2006.
- (9) Charged to RHB Bank Berhad vide Presentation No. 36/2008, dated 4 January 2008.
- (10) The land is non transferable, leaseable or chargeable to non-Malaysians without the State Authority's consent.
- (11) The express conditions of this property states that (i) the land can only be used as a 4 storey shop office, built in accordance with the plans approved by the local council (ii) all waste and pollution resulting from the building of the shop office has to be channelled/discarded at places which has been fixed by the local council (iii) all policies and conditions fixed and implemented by the local council has to be complied with.
- (12) The land is non transferable, leaseable or chargeable without Federal Territory Land Executive Committee's consent.
- (13) The express conditions state that the property is to be used as a business building.
- (14) The express conditions state that the property is to be used as an industrial building.
- (15) Charged to Arab-Malaysian Merchant Bank Berhad vide (i) Presentation No. 2600/1995, dated 8 March 1995, (ii) Presentation No. 15253/1995, dated 28 September 1995 and (iii) Presentation No. 945/2002, dated 23 January 2002. There are 3 individual caveats (i) by EON Bank Berhad, vide Presentation No. 10208/2003, dated 13 August 2003, (ii) by Malayan Banking Berhad, vide Presentation No. 1964/2004, dated 20 February 2004 and (iii) by Malayan Banking Berhad, vide Presentation No. 9002/2006, dated 28 July 2006. There are 2 registrar caveats vide Presentation No. 21597/2009, dated 22 December 2009 and Presentation No. 2303/2010, dated 11 February 2010.

Save as disclosed above, all of the abovementioned land and buildings have obtained the necessary certificates of fitness. Our Group believes that it is in compliance in respect to all relevant land rules and building regulations, other material regulatory requirements and environmental issues which may materially affect our Group's operations and/or utilisation of assets. As at LPD, our Group is not aware of any environmental proceedings or investigations to which it is or might become a party to. Valuations on all the abovementioned land and buildings have not been undertaken for inclusion in this Prospectus.

4. INFORMATION ON OUR GROUP (CONT'D)

4.6 Licenses, Permits And Approvals

As at 18 May 2010, the details of the licences, permits and approvals obtained by our Group for the operation of our business are as set out below:-

4.6.1 Franchise and Direct Sales License

No.	Licence Holder	Issuer	Licences /Permits/ Approvals	Date Of issue/ Validity	Equity Conditions/Conditions Affecting Operations	Status Of Compliance
1.	7-Eleven	Ministry of Domestic Trade, Cooperatives and Consumerism	Form 3 – Franchise Act 1998 - Notice of Decision of Registration of Franchise and Effective Date of Registration of Franchise	Effective Date: 16 May 2000 Date of Issue: 19 May 2000	1. This registration will continue to take effect unless the Registrar provides a written notice stating that it has suspended, terminated or prohibited the sale or the registration of this franchise pursuant to the Franchise Act 1998.	Noted
2.	Singer	Ministry of Domestic Trade, Cooperatives and Consumerism	Direct Sales License (One Floor) License No.: AJL 93004	Date of Issue: 22 December 2008 Validity: 22 December 2008 until 21 December 2011	1. The licensee shall not practice a marketing plan which has not been approved by the Direct Sales Controller 2. The licensee shall market the products which has been approved by the Ministry; 3. The licensee is prohibited from selling service products such as health services card and immovable property; 4. The licensee is to commence full operations of its company's business after six (6) months after the official licence has been issued (in respect of the approval of new application); 5. The licensee must ensure that all the distributors/sales agents do no perform sales by force/cheating which includes lucky draws, promise of free gifts, discounts on sponsorship and that they do not issue any leaflets other than those issued by the company; 6. The licensee is to obtain the Ministry's approval regarding any plan to market new products, amending product's price structure and any other matters related to products, before marketing the products; 7. The licensee must enclose the price tag to all displayed products; 8. The licensee must display their direct sales licence number AJL93XXX on all of the company's billboards, advertisements, print materials and letterheads for the public's reference; 9. The licensee is required to display the original direct sales licence at an appropriate place in the premises of the management office with copies of the original licence on every premise of the company's stockist for public reference/viewing; and 10. The direct selling company is not allowed to organise/run/allow any element of lot/position buying or re-entering in the marketing plan of the company.	Met

4. INFORMATION ON OUR GROUP (CONT'D)

4.6.2 Trading, Signboard and Padi Beras License

7-Eleven

As at 18 May 2010, all of 7-Eleven's owned stores have the necessary trading licence and signboard licence, issued by the relevant local authorities, save and except for the following:-

(i) Trading and Signboard Licence

Out of 1,127 7-Eleven convenience stores, there are seventy five (75) stores without trading licences and one hundred seventeen (117) stores without the signboard licences, due to expiration, applications pending approval from the local authorities or applications pending submission. Details of the same are as follows:-

(a) Licences Expired

7-Eleven is in the midst of renewing the expired trading licences of sixteen (16) stores from the relevant local authorities, as follows:-

- (aa) Majlis Perbandaran Kulai – seven (7) stores;
- (bb) Dewan Bandaraya Kota Kinabalu – one (1) store;
- (cc) Majlis Perbandaran Ampang Jaya – three (3) stores;
- (dd) Majlis Daerah Pontian-one (1) store; and
- (ee) Dewan Bandaraya Kuala Lumpur – four (4) stores.

The said applications for the renewals of the expired trading licences have been made within the prescribed period allocated by the respective local authorities.

7-Eleven is in the midst of renewing the expired signboard licences of its sixteen (16) stores. The renewals of the expired signboard licences have been made within the prescribed period allocated by the respective local authorities.

(b) Licences Applied But Pending Approvals From The Local Authorities

There are forty-six (46) stores which trading licences have been applied for but are pending the approval from the local authorities, as follows:-

- (aa) Majlis Perbandaran Pulau Pinang – seven (7) stores;
- (bb) Majlis Perbandaran Ampang Jaya – two (2) stores;
- (cc) Majlis Perbandaran Johor Bahru Tengah – six (6) stores;
- (dd) Dewan Bandaraya Kuala Lumpur – twelve (12) stores;
- (ee) Majlis Perbandaran Johor Bahru – four (4) stores;
- (ff) Dewan Bandaraya Kuching Selatan – one (1) store;
- (gg) Majlis Bandaraya Alor Setar – three (3) stores;
- (hh) Majlis Perbandaran Kulim – one (1) store;
- (ii) Majlis Perbandaran Kangar – one (1) store;
- (jj) Majlis Perbandaran Kuantan – three (3) stores;
- (kk) Majlis Bandaraya Shah Alam – one (1) store;
- (ll) Majlis Perbandaran Subang Jaya – four (4) stores; and
- (mm) Majlis Perbandaran Selayang – one (1) store.

The approvals for the trading licences by the respective local authorities are pending the fulfillment of certain conditions which 7-Eleven is in the midst of complying with the same.

4. INFORMATION ON OUR GROUP (CONT'D)

There are eighty-eight (88) 7-Eleven stores which signboard licences have been applied for but are still pending the approvals from the local authorities as fulfillment of certain conditions are required (7-Eleven is in the midst of complying with the same).

(c) Opening of New Stores

7-Eleven is in the midst of applying for the trading licences and signboard licences for thirteen (13) new stores which have been opened and commenced operation within the period from November 2009 to 18 May 2010. 7-Eleven have adopted the commercial practice to concurrently operate its stores and apply for the trading licences and signboard licences to minimise its running costs and to serve the customers in the community that the new store is located within. From the past records, 7-Eleven has not encountered any rejection to its applications for trading licences and signboard licences for its stores and does not foresee any problem in obtaining the said licences.

(ii) "Padi Beras" Licence

As at 18 May 2010, all of 7-Eleven's owned stores which sell rice have the necessary "Padi Beras" licence.

(iii) Controlled Goods

The Ministry of Domestic Trade, Co-operatives and Consumerism had on 5 February 2010 implemented a new regulation, pursuant to the Control of Supplies Act 1961, requiring hypermarkets, supermarkets, superstores and chain stores in Malaysia to apply for a licence for all controlled items, namely sugar, cooking oil and flour. 7-Eleven is currently in the midst of applying for the same for all of its stores.

7-Eleven has complied with all the terms and conditions of its licences.

Singer

As at 18 May 2010, all of Singer's owned branches have the necessary trading licence and signboard licence, issued by the relevant local authorities, save and except for the following:-

There are nine (9) branches without the trading licence and eight (8) branches without the signboard licence, due to the expiry of the said licences and due to the opening of new branches. Details of the same are as follows:-

i) Expired Licences

Singer is in the midst of renewing the expired trading licences of four (4) branches from the relevant local authorities as follow:-

- (a) Majlis Perbandaran Pulau Pinang – one (1) renewal application;
- (b) Majlis Daerah Kampar – one (1) renewal application;
- (c) Majlis Daerah Gua Musang – one (1) renewal application; and
- (d) Dewan Bandaraya Kuala Lumpur – one (1) renewal application.

Amongst all the renewals of the expired trading licences, only one (1) was not made within the prescribed period allocated by the respective local authority.

4. INFORMATION ON OUR GROUP (CONT'D)

With regards item (a) above, namely Singer's branch in Pulau Pinang, Singer was informed that the local authority will only renew the said expired trading licence upon the approval of the conversion of the category of land use from residential to commercial. In this respect, the landlord of the said branch is in the midst of applying for the said conversion.

Singer is in the midst of renewing the expired signboard licences of three (3) branches from the relevant local authorities.

Singer is confident that it will obtain all of the respective renewed trading and signboard licences for the abovementioned branches in due course.

ii) **Opening of New Branches**

Singer has applied for the trading and signboard licence of five (5) new branches, which have been opened and commenced operation within the period from January 2010 to April 2010, which are pending the issuance of the trading and signboard licences from the local authorities. From the past records, Singer has not encountered any rejections to its applications for trading licences and signboard licences for its stores and does not foresee any problem in obtaining the said licences.

Singer has complied with all the terms and conditions of its licences.

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5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

5.1 Promoters

TSVT, the controlling shareholder of our Company via his direct and indirect interests, is our Company's Promoter. Accordingly, TSVT's investee companies are also our Company's Promoters.

Our Company's Promoters and their holdings of Shares in our Company are set out below.

Name	Before The Offer For Sale*		Upon Listing		Upon Full Conversion of ICPS**	
	Direct No. Of Shares	Indirect No. Of Shares	Direct No. Of Shares	Indirect No. Of Shares	Direct No. Of Shares	Indirect No. Of Shares
TSVT	88,991,500 ^(a)	301,451,133 ^(c)	88,991,500	229,576,133 ^(c)	88,991,500	1,107,008,133 ^(c)
Premier Merchandise Sdn Bhd	69,027,500 ^(b)	-	69,027,500	-	878,269,500	-
Hotel Resort Enterprise Sdn Bhd	52,844,200 ^(a)	-	52,844,200	-	52,844,200	-
Cosway	150,779,331 [^]	-	78,904,331	-	147,094,331	-
Superior Structure Sdn Bhd	11,610,000 ^(a)	-	11,610,000	-	11,610,000	-
Sublime Cartel Sdn Bhd	3,880,000 ^(a)	-	3,880,000	-	3,880,000	-
B & B Enterprise Sdn Bhd	2,927,894 ^(a)	-	2,927,894	-	2,927,894	-
HQZ Credit Sdn Bhd	2,208,939 ^(a)	69,027,500 ^(d)	2,208,939	69,027,500 ^(d)	2,208,939	878,269,500 ^(e)
Nostalgia Kiara Sdn Bhd	1,500,000 ^(a)	-	1,500,000	-	1,500,000	-
Berjaya Times Square Sdn Bhd	967,580 ^(a)	-	967,580	-	967,580	-
Berjaya Assets Berhad (formerly known as Matrix International Berhad)	125,000 ^(a)	-	125,000	-	125,000	-
Desiran Unggul Sdn Bhd	95,118 ^(a)	-	95,118	-	95,118	-
Gemtech (M) Sdn Bhd	5,090,000 ^(a)	-	5,090,000	-	5,090,000	-
Nautilus Corporation Sdn Bhd	13,580 ^(a)	-	13,580	-	13,580	-
Lengkap Bahagia Sdn Bhd	133 ^(a)	-	133	-	133	-
Berjaya Media Berhad	381,858 ^(a)	-	381,858	-	381,858	-

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Name	Before The Offer For Sale*		Upon Listing		Upon Full Conversion of ICPS**	
	Direct No. Of Shares	Indirect No. Of Shares	Direct No. Of Shares	Indirect No. Of Shares	Direct No. Of Shares	Indirect No. Of Shares
Tan Sri Dato' Tan Chee Sing	5,775,269	1,775,000 ⁽¹⁾	5,775,269	1,775,000 ⁽¹⁾	5,775,269	1,775,000 ⁽¹⁾
Puan Sri Oatin Chan Shao Tsiu	135,257	135,257 ⁽²⁾	135,257	135,257 ⁽²⁾	135,257	135,257 ⁽²⁾
Dato' Robin Tan Yeong Ching	72,285	-	72,285	-	72,285	-
Oatin Leow Hwei Hsien	500	-	500	-	500	-
Rayvin Tan Yeong Sheik	31,600	-	31,600	-	31,600	-
Tan U-Ming	-	-	-	-	-	-
Morvin Tan U-Jiang	900,000	-	900,000	-	900,000	-

Notes:-

* Based on the Minimum Dividend Scenario, assuming that none of the outstanding BCorporation ICULS as at 25 May 2010, are converted into BCorporation Shares and on the assumption that Cosway will convert 80 million ICPS after the Acquisition of 7-Eleven and Singer. The shareholding of our Promoters (except Cosway) in our Company will be subject to change based on their respective shareholdings in BCorporation as at the Entitlement Date.

^ The shareholding of Cosway in B-Retail, which is also based on the Minimum Dividend Scenario, will depend upon the number of Shares to be distributed pursuant to the Dividend-In-Specie as well as the number of ICPS converted into new Shares, if necessary, to ensure that there are adequate Shares for the Offer For Sale. For illustrative purposes, the shareholdings of Cosway were arrived at after taking into account a Dividend-In-Specie of 404,220,669 Shares to BCorporation shareholders as well as the assumption that 80 million ICPS were converted by Cosway in order to ensure adequate Shares for the Offer For Sale.

Less than 0.05%.

(a) Beneficial interest pursuant to the Dividend-In-Specie.

(b) Includes beneficial interest in 9,027,500 Shares pursuant to the Dividend-In-Specie. Its shareholding in our Company is not only subject to change based on its shareholdings in BCorporation as at the Entitlement Date but is also dependent on the extent of its ICPS conversion into new Shares in the event that as a result of Dividend-In-Specie and Offer For Sale, the aggregate shareholdings of TSVT and Parties Related to TSVT falls / is expected to fall below 50% upon Listing. Premier Merchandise Sdn Bhd will convert such number of B-Retail ICPS to the extent necessary in order to increase the aggregate shareholdings of TSVT and Parties Related To TSVT to more than 50% upon listing of B-Retail on Bursa Securities. The actual number of B-Retail ICPS to be converted will be determined later at the discretion of the BCorporation Board and Premier Merchandise Sdn Bhd.

(c) Deemed interested by virtue of his direct and indirect interests in Premier Merchandise Sdn Bhd, Hotel Resort Enterprise Sdn Bhd, Cosway, Superior Structure Sdn Bhd, Sublime Cartel Sdn Bhd, B & B Enterprise Sdn Bhd, HQZ Credit Sdn Bhd, Nostalgia Kiara Sdn Bhd, Berjaya Times Square Sdn Bhd, Berjaya Assets Berhad (formerly known as Matrix International Berhad), Desiran Unggul Sdn Bhd, Gemtech (M) Sdn Bhd, Nautilus Corporation Sdn Bhd, Lengkap Bahagia Sdn Bhd and Berjaya Media Berhad.

(d) Deemed interest by virtue of Section 6A (4) of the Companies Act, 1965, held through its interest in Premier Merchandise Sdn Bhd.

** The shareholdings of our Company's Promoters at the maturity date of the ICPS, calculated on the assumption that the shareholdings and ICPS holdings of our Promoters remain constant from the date of Listing up to the maturity date of the ICPS. Please refer to Section 2.4.2 of this Prospectus for further information on our Company's ICPS.

(1) Deemed interested by virtue of Section 6A of the Companies Act, 1965, held through his interest in Terbit Berkait Sdn Bhd.

(2) Deemed interested via their spouses' shareholdings in B-Retail.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Our Company's Promoters and their holdings in our Company's ICPS are as set out below.

Name	Before The Offer For Sale*		Upon Listing		Upon Full Conversion of ICPS	
	No. Of ICPS	%	No. Of ICPS	%	No. Of ICPS	%
TSVT	-	-	882,432,000 ^(a)	100.0	877,432,000 ^(a)	99.4
Premier Merchandise Sdn Bhd	809,242,000	91.7	-	-	-	-
Cosway	73,190,000**	8.3	-	-	-	-
HQZ Credit Sdn Bhd	-	-	809,242,000 ^(b)	91.7	-	-

Notes:-

* Based on the Minimum Dividend Scenario, assuming that none of the outstanding BCorporation ICULS as at 25 May 2010, are converted into BCorporation Shares. The actual number of ICPS held by our Promoters in our Company will be subject to change based on, amongst others, the following factors:

- (i) Whether it is necessary for Cosway to convert the requisite number of B-Retail ICPS into new B-Retail Shares to ensure that there are adequate Shares for the Offer For Sale; and
- (ii) In the event that as a result of the Dividend-In-Specie and the Offer For Sale, the aggregate shareholdings of TSVT and Parties Related To TSVT in B-Retail falls / is expected to fall below 50% upon listing, Premier Merchandise Sdn Bhd will convert such number of B-Retail ICPS to the extent necessary in order to increase the aggregate shareholdings of TSVT and Parties Related To TSVT to more than 50% upon listing of B-Retail on Bursa Securities. The actual number of B-Retail ICPS to be converted will be determined later at the discretion of the BCorporation Board and Premier Merchandise Sdn Bhd.

** The ICPS holdings of Cosway was arrived at after taking into account the assumption that 80 million ICPS was converted into Shares by Cosway after the Acquisition of 7-Eleven and Singer.

^(a) Deemed interested by virtue of his direct and indirect interests in Premier Merchandise Sdn Bhd and Cosway.

^(b) Deemed interest by virtue of Section 6A (4) of the Companies Act, 1965, held through its interest in Premier Merchandise Sdn Bhd.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.1.1 Tan Sri Dato' Seri Vincent Tan Chee Yioun

TSVT, a Malaysian aged 58, commenced ownership of Singer Group and 7-Eleven Group since 1989 and 2001 respectively, and he was instrumental in nurturing and expanding the businesses. TSVT is also the Chairman of 7-Eleven.

TSVT is a businessman and entrepreneur with varied interests in property development and investment, gaming, stockbroking, manufacturing, trading, hospitality, internet-related businesses, utilities, media, telecommunications, insurance and education through various public and private companies namely, the BCorporation Group, Berjaya Media Berhad, Berjaya Assets Berhad (formerly known as Matrix International Berhad), MOL.com Berhad, MOL AccessPortal Berhad, Informatics Education Ltd, Intan Utilities Berhad and U Mobile Sdn Bhd.

TSVT is currently the Chairman/Chief Executive Officer of BCorporation, the Chairman of Berjaya Times Square Sdn Bhd, 7-Eleven Malaysia Sdn Bhd and U Mobile Sdn Bhd, as well as the Managing Director/Chief Executive Officer of Sports Toto Malaysia Sdn Bhd.

TSVT also holds directorships in Berjaya Hills Berhad and Berjaya Vacation Club Berhad, as well as several other private limited companies.

5.1.2 Tan Sri Dato' Tan Chee Sing

Tan Sri Dato' Tan Chee Sing, Malaysian aged 55, is a businessman and entrepreneur having a wide spectrum of business with extensive experience in property development, resort management, restaurants, and leisure and entertainment operations through his investments in various public and private companies.

Currently, he is the deputy chairman of BCorporation, Berjaya Land Berhad and Berjaya Assets Berhad, executive vice-chairman of TT Resources Berhad, group chief executive officer of Dijaya Corporation Berhad, chief executive officer of Tropicana Golf & Country Resort Berhad and the chairman of Sports Toto Malaysia Sdn Bhd.

He also holds directorships in Berjaya Capital Berhad, Berjaya Sports Toto Berhad, Bukit Kiara Resort Berhad, KDE Recreation Berhad, Tioman Island Resort Berhad, Berjaya Golf Resort Berhad and U Mobile Sdn Bhd, a 3G mobile service provider.

5.1.3 Puan Sri Datin Chan Shao Tsiu

Puan Sri Datin Chan Shao Tsiu, Malaysian aged 55, is the wife of Tan Sri Dato' Tan Chee Sing. She sits on the boards of several private limited companies. Her shareholding in B-Retail is as a result of the Dividend-In-Specie and she is a Promoter of B-Retail by virtue of her being a person connected to TSVT.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.1.4 Dato' Robin Tan Yeong Ching

Dato' Robin Tan Yeong Ching, Malaysian aged 36, graduated with a Bachelor of Social Science degree in Accounting/Law from the University of Southampton, United Kingdom, in 1995. He joined Berjaya Group Berhad in 1995 as an executive and subsequently became the general manager, corporate affairs in 1997.

Currently, he is the chairman of Berjaya Media Berhad, MOL.com Berhad, Berjaya Food Berhad and Sun Media Corporation Sdn Bhd, chief executive officer of Berjaya Sports Toto Berhad and an executive director of BCorporation and Sports Toto Malaysia Sdn Bhd. He is also a director of Berjaya Sampo Insurance Berhad, Berjaya Hills Berhad, TMC Life Sciences Berhad and Berjaya Golf Resort Berhad. He also holds directorships in several other private limited companies in the Berjaya group of companies.

5.1.5 Datin Leow Huei Hsien

Datin Leow Huei Hsien, Malaysian aged 37, is the wife of Dato' Robin Tan Yeong Ching. She sits on the boards of several private limited companies. Her shareholding in B-Retail is as a result of the Dividend-In-Specie and she is a Promoter of B-Retail by virtue of her being a person connected to TSVT.

5.1.6 Mr Rayvin Tan Yeong Sheik

Mr Rayvin Tan Yeong Sheik, Malaysian aged 31, graduated with a Bachelor of Science (First Class Hons) degree in Accounting and Finance from the London School of Economics, United Kingdom, in 2000. During his vocational training as a research intern with Jardine Fleming and Merrill Lynch & Co./Smith Zain Securities, he gained extensive experience in the field of research covering the various sectors of property, commodities, telecommunications and transport.

He joined the Berjaya group of companies in May 2001 and was subsequently appointed to the position of executive director of Berjaya Group Berhad in May 2002. Currently, he is an executive director of BCorporation and Berjaya Sports Toto Berhad. He also holds directorships in Singer (Malaysia) Sdn Bhd, Sports Toto Malaysia Sdn Bhd, Cosway Corporation Limited (formerly known as Berjaya Holdings (HK) Limited), International Lottery & Totalizator Systems Inc, United States of America and several other private limited companies.

5.1.7 Mr Tan U-Ming

Profile of Mr Tan U-Ming is as set out in Section 5.3.5 of this Prospectus.

5.1.8 Mr Morvin Tan U-Jiang

Mr Morvin Tan U-Jiang, Malaysian aged 20, sits on the boards of several private limited companies. He graduated in 2008 from Institute Le Rosey, Switzerland. Currently, he is the Special Assistant to the Chief Executive Officer of Sports Toto (M) Sdn Bhd. His shareholding in B-Retail is as a result of the Dividend-In-Specie and he is a Promoter of B-Retail by virtue of him being a person connected to TSVT.

Details on the family relationships of the abovementioned individuals are as set out in Section 5.8 of this Prospectus.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)
5.1.2 Background Information On The Other Promoters

Name	Date And Place Of Incorporation	Principal Activities
Premier Merchandise Sdn Bhd	28.9.2002 Malaysia	Investment holding
Hotel Resort Enterprise Sdn Bhd	24.4.1984 Malaysia	Investment holding
Cosway	15.3.1990 Malaysia	Investment holding
Superior Structure Sdn Bhd	25.5.1991 Malaysia	Investment holding
Sublime Cartel Sdn Bhd	27.7.1998 Malaysia	Provision of lottery consultancy and related services
B & B Enterprise Sdn Bhd	23.2.1981 Malaysia	Investment holding
HQZ Credit Sdn Bhd	10.5.1991 Malaysia	Money lending and investment holding
Nostalgia Kiara Sdn Bhd	15.3.1996 Malaysia	Investment holding
Berjaya Times Square Sdn Bhd	12.5.1984 Malaysia	Property management, property development and investment holding
Berjaya Assets Berhad (formerly known as Matrix International Berhad)	25.8.1960 Malaysia	Investment holding
Desiran Unggul Sdn Bhd	3.7.1997 Malaysia	Investment holding
Gemtech (M) Sdn Bhd	21.9.1987 Malaysia	Investment holding
Nautilus Corporation Sdn Bhd	1.9.1983 Malaysia	Investment holding
Lengkap Bahagia Sdn Bhd	20.12.1989 Malaysia	Investment holding

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.2 Substantial Shareholders

Upon listing of our Company's Shares and ICPS, our Company's substantial shareholders are TSVT, Premier Merchandise Sdn Bhd, Hotel Resort Enterprise Sdn Bhd, Cosway, HQZ Credit Sdn Bhd and the parties set out in the table below. Save for the shareholdings of TSVT, Premier Merchandise Sdn Bhd, Hotel Resort Enterprise Sdn Bhd, Cosway and HQZ Credit Sdn Bhd which are set out in Section 5.1, the shareholdings of the other substantial shareholders of our Company (collectively "Other Substantial Shareholders") are as follows:-

Name	Before The Offer For Sale*			Upon Listing			Upon Full Conversion of ICPS**			
	Direct		Indirect	Direct		Indirect	Direct		Indirect	
	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
UBS AG	31,234,890 ^(a)	5.1	-	-	31,234,890	5.1	-	31,234,890	-	-
Intan Utilities Berhad	-	-	69,027,500 ^(b)	11.2	-	-	69,027,500 ^(b)	12.9	878,269,500 ^(b)	58.7
Vista Meranti Sdn Bhd	-	-	69,027,500 ^(b)	11.2	-	-	69,027,500 ^(b)	12.9	878,269,500 ^(b)	58.7
Global Empires Sdn Bhd	-	-	150,779,331 ^(c)	24.5	-	-	78,904,331 ^(c)	12.8	147,094,331 ^(c)	9.8
Garima Holdings Sdn Bhd	-	-	150,779,331 ^(c)	24.5	-	-	78,904,331 ^(c)	12.8	147,094,331 ^(c)	9.8
Juara Sejati Sdn Bhd	-	-	150,779,331 ^(c)	24.5	-	-	78,904,331 ^(c)	12.8	147,094,331 ^(c)	9.8
Berjaya Group Berhad	-	-	150,779,331 ^(c)	24.5	-	-	78,904,331 ^(c)	12.8	147,094,331 ^(c)	9.8
BCorporation	-	-	150,779,331 ^(c)	24.5	-	-	78,904,331 ^(c)	12.8	147,094,331 ^(c)	9.8
Goldman Sachs Group, Inc.	-	-	46,455,030 ^{(a)(d)}	7.6	-	-	46,455,030 ^(d)	7.6	46,455,030 ^{(a)(d)}	3.1

Notes:-

* Based on the Minimum Dividend Scenario, assuming that none of the outstanding BCorporation ICULS as at 25 May 2010, are converted into BCorporation Shares. The shareholdings of our Other Substantial Shareholders in our Company will be subject to change based on their respective shareholdings in BCorporation as at the Entitlement Date.

^(a) Beneficial interest pursuant to the Dividend-in-Specie.

^(b) Deemed interest by virtue of Section 6A (4) of the Companies Act, 1965, held through its direct/indirect interest in Premier Merchandise Sdn Bhd.

^(c) Deemed interest by virtue of Section 6A (4) of the Companies Act, 1965, held through its direct/indirect interest in Cosway.

^(d) Indirect interest through Goldman Sachs International ("GSI"). GSI is a subsidiary of Goldman Sachs Holdings (U.K.), which is a subsidiary of Goldman Sachs Group Holdings (U.K.), which is in turn a subsidiary of Goldman Sachs (UK) L.L.C. The Goldman Sachs Group, Inc. is the direct holding company of Goldman Sachs (UK) L.L.C. and the ultimate holding company of the other aforementioned entities.

** The shareholdings of our Company's Substantial Shareholders at the maturity date of the ICPS, calculated on the assumption that the shareholdings and ICPS holdings of our Substantial Shareholders remain constant from the date of the Listing up to the maturity date of the ICPS. Please refer to Section 2.4.2 of this Prospectus for further information on our Company's ICPS.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.2.1 Background Information On The Substantial Shareholders

The background information on TSVT, Premier Merchandise Sdn Bhd, Hotel Resort Enterprise Sdn Bhd, Cosway and HQZ Credit Sdn Bhd are set out in Sections 5.1.1 and 5.1.2 of this Prospectus. Save for UBS AG and Goldman Sachs Group, Inc. for which an exemption from disclosure has been granted by the SC, the background information on the Other Substantial Shareholders are as follows:-

Name	Date And Place Of Incorporation	Principal Activities
Intan Utilities Berhad	23.12.1995 Malaysia	Investment holding
Vista Meranti Sdn Bhd	16.11.1990 Malaysia	Investment holding, provision of operation & maintenance services, general corporate management
Global Empires Sdn Bhd	09.02.2000 Malaysia	Investment holding
Garima Holdings Sdn Bhd	12.06.1990 Malaysia	Investment holding
Juara Sejati Sdn Bhd	17.08.1989 Malaysia	Investment holding
Berjaya Group Berhad	31.07.1967 Malaysia	Investment holding and provision of management services
BCorporation	30.07.2001 Malaysia	Investment holding

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5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)**5.3 Directors**

Our Company's Directors and their holdings of our Company's Shares are set out below.

Name	Designation	Before The Offer For Sale*		Upon Listing		Upon Full Conversion of ICPS**	
		Direct	Indirect	Direct	Indirect	Direct	Indirect
		No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
Tan Sri Dato' Tan Kok Ping	Independent Non-Executive Chairman	2,319,055 ^(a)	0.4	2,319,055 ^(a)	0.4	Up to 2,419,055	Up to 0.2
Ng Su Onn	Non-Independent Executive Director	-	-	-	-	Up to 100,000	#
Yeap Dein Wah	Non-Independent Executive Director	912 ^(a)	#	912	#	Up to 100,912	#
Chan Kien Sing	Non-Independent Non-Executive Director	4,769 ^(a)	#	4,769	#	Up to 104,769	#
Tan U-Ming	Non-Independent Non-Executive Director	-	-	-	-	-	-
Dato' Azlan Meah Bin Hj Ahmed Meah	Non-Independent Non-Executive Director	-	-	-	-	Up to 100,000	#
Loh Chen Peng	Independent Non-Executive Director	-	-	-	-	Up to 100,000	#
Azhar Bin Mohamed	Independent Non-Executive Director	-	-	-	-	Up to 100,000	#

Notes:-

* Based on the Minimum Dividend Scenario, assuming that none of the outstanding BCorporation ICULS as at 25 May 2010, are converted into BCorporation Shares. The shareholdings of our Directors in our Company will be subject to change based on their respective shareholdings in BCorporation as at the Entitlement Date.

Less than 0.05%.

^(a) Beneficial interest pursuant to the Dividend-In-Specie.

** The shareholdings of our Company's Directors at the maturity date of the ICPS, calculated on the assumption that the shareholdings and ICPS holdings of our Directors remain constant from the date of the Listing up to the maturity date of the ICPS. Please refer to Section 2.4.2 of this Prospectus for further information on our Company's ICPS.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Our Company's Directors and their holdings of our Company's ICPS are set out below.

Name	Designation	Before The Offer For Sale		Upon Listing		Upon Full Conversion of ICPS**	
		Direct No. Of ICPS	Indirect % ICPS	Direct No. Of ICPS	Indirect % ICPS	Direct No. Of ICPS	Indirect % ICPS
Tan Sri Dato' Tan Kok Ping	Independent Non-Executive Chairman	-	-	Note (1)	-	-	-
Ng Su Onn	Non-Independent Executive Director	-	-	Note (1)	-	-	-
Yeap Dein Wah	Non-Independent Executive Director	-	-	Note (1)	-	-	-
Chan Kien Sing	Non-Independent Non-Executive Director	-	-	Note (1)	-	-	-
Tan U-Ming	Non-Independent Non-Executive Director	-	-	-	-	-	-
Dato' Azlan Meah Bin Hj Ahmed Meah	Non-Independent Non-Executive Director	-	-	Note (1)	-	-	-
Loh Chen Peng	Independent Non-Executive Director	-	-	Note (1)	-	-	-
Azhar Bin Mohamad	Independent Non-Executive Director	-	-	Note (1)	-	-	-

Notes:-

(1)

Up to 100,000 ICPS of B-Retail are allocated to each Director pursuant to the Offer For Sale, as disclosed in Section 2.2 (iii) of this Prospectus

** Less than 0.05%, based on total ICPS of 962,432,000

The shareholdings of our Company's Directors at the maturity date of the ICPS, calculated on the assumption that the shareholdings and ICPS holdings of our Directors remain constant from the date of the Listing up to the maturity date of the ICPS. Please refer to Section 2.4.2 of this Prospectus for further information on our Company's ICPS.

In accordance with our Company's Articles Of Association, at each Annual General Meeting one-third of our Board or if their number is not a multiple of three, the number nearest to one-third with a minimum of one, shall retire from office will retire and an election of Directors shall take place provided always that each Director shall retire at least once in every three years but shall be eligible for re-election. Additionally, persons appointed as additional Directors in the course of a financial year shall hold office only until the next Annual General Meeting but shall be eligible for re-election. Such Directors' retirement shall be additional to and not be taken into account in the determination of the usual one-third retirement of Directors by rotation.

At our next Annual General Meeting, all our Directors will retire and seek for re-election in accordance with the Articles Of Association of our Company.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.3.1 Tan Sri Dato' Tan Kok Ping

Tan Sri Dato' Tan Kok Ping, a Malaysian aged 63, was appointed as our Independent Non-Executive Director and Chairman on 23 March 2010. He obtained his Bachelor of Commerce degree from Nanyang University, Singapore in 1969. He has more than 40 years of experience in various business sectors, including property development, manufacturing of consumer electronics, garments, corrugated and plastic packaging products. He was the deputy chairman of Berjaya Sports Toto Berhad and an executive director of Berjaya Group Berhad. From 1993 to 2004, he served as the chairman of Cosway Corporation Limited (formerly known as Berjaya Holdings (HK) Limited). Currently, he is the executive chairman of Magni-Tech Industries Berhad, the managing director of Lowe Motors Sdn Bhd, and a director of KP Holdings Sdn Bhd and GPS Tech Solutions Sdn Bhd.

5.3.2 Mr Ng Su Dnn

Mr Ng Su Onn, a Malaysian aged 58, was appointed as our Non-Independent Executive Director on 15 September 2009. He is also the Executive Director of 7-Eleven and he is responsible for the day-to-day operations, planning and developing 7-Eleven Group's strategic business direction.

Mr Ng graduated in 1974 with a Bachelor of Science Degree in Chemistry and Mathematics from University of Malaya and later obtained a Bachelor of Science First Class Honours Degree in Chemistry from the same university in 1975. In 1988, he received a Masters in Business Administration Degree from Cranfield School of Management, Bedford, United Kingdom and in 1996, he was listed on the Dean's list at Hamburger University, Oak Brook, Illinois, USA. He became an Associate Member of Institute of Chemist in 1981. He has more than 30 years of experience in the operations and management of companies and also in leading the development of its businesses. His began his career with Guinness Anchor Berhad where he worked for 16 years until 1991. Prior to joining McDonald's Malaysia in 1995 as an executive director, he was attached to Checker Asia (M) Sdn Bhd as general manager. Thereafter, he joined 7-Eleven in his current tenure as Executive Director in 2007. He was also a director of Golden Arches Restaurant Sdn Bhd, Wen Berjaya Sdn Bhd and Premier Merchandise Sdn Bhd up to February 2007, November 2008 and February 2009, respectively.

5.3.3 Mr Yeap Dein Wah

Mr Yeap Dein Wah, a Malaysian aged 54, was appointed as our Non-Independent Executive Director on 15 September 2009. He is also the Managing Director of Singer and he is responsible for overseeing the business strategies, marketing plans, financial management and day-to-day operation of Singer Group.

He has been a fellow member of The Association of Chartered Certified Accountants (UK) since 1987 and a member of Malaysian Institute of Accountants since 1983. He has more than 25 years of experience in the operations and management of companies and also in leading the development of its businesses. His career started in 1979 as an audit assistant in a chartered accounting firm in Malaysia and by 1981, had been promoted to an audit manager. In 1982, he joined Plaza Electrical Products Sdn Bhd as an accountant and later as the finance manager at Rediffusion Consumer Electronics Sdn Bhd in 1991. He joined Singer in 1992 as Manager of System & Procedure and subsequently promoted to become general manager of Finance in 1995, executive director in 2002 and managing director in 2007. He also sits on the boards of several other private limited companies, including Berjaya HVN Sdn Bhd, Direct Vision Sdn Bhd, The Catalog Shop Sdn Bhd and Tegas Kinta Sdn Bhd.

5. PRDMDTERS, SUBSTANTIAL SHAREHLDERS, DIRECTDRS AND KEY MANAGEMENT (CDNT'D)

5.3.4 Mr Chan Kien Sing

Mr Chan Kien Sing, a Malaysian aged 53, was appointed as our Non-Independent Non-Executive Director on 15 September 2009. He is also the Managing Director of 7-Eleven. As the Managing Director of 7-Eleven, Mr Chan is responsible for the management of the 7-Eleven Group.

Mr Chan is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants since 1988. Having articulated with Messrs Peat Marwick Mitchell from 1975 to 1981, he subsequently joined Arab-Malaysian Merchant Bank Berhad specialising in corporate finance until 1989 when he joined Berjaya Group Berhad. He has more than 20 years of experience in the operations and management of companies and also in leading the development of its businesses. Currently, he is the chief executive officer/director of Berjaya Capital Berhad, the managing director of Sun Media Corporation Sdn Bhd, and an executive director of BCorporation, Berjaya Group Berhad, Berjaya Sports Toto Berhad and Berjaya Media Berhad. He also sits on the boards of Cosway Corporation Limited (formerly known as Berjaya Holdings (HK) Limited), Berjaya Assets Berhad (formerly known as Matrix International Berhad), Intan Utilities Berhad, Berjaya Vacation Club Berhad, International Lottery & Totalizator Systems Inc, USA, Premier Merchandise Sdn Bhd and several other private limited companies.

5.3.5 Mr Tan U-Ming

Mr Tan U-Ming, a Malaysian aged 24, was appointed as our Non-Independent Non-Executive Director on 15 September 2009. He is also a Director, Head of Procurement, Constructions & Maintenance, and Advertising & Promotions departments of 7-Eleven. He is responsible for managing the procurement functions, construction of new convenience stores, managing 7-Eleven Group's existing convenience stores as well as overseeing sales and marketing activities for 7-Eleven Group.

He studied in Irvine Valley College, California, USA. He has attended the franchisee and in-store training courses with 7-Eleven, Inc. (USA) in North America and the Field Consultant Certification Training in Dallas, Texas. Currently, he is an executive director of Sports Toto Malaysia Sdn Bhd and a director of JMP Holdings Sdn Bhd. He was also a director of Premier Merchandise Sdn Bhd up to 1 October 2009.

5.3.6 Dato' Azlan Meah Bin Hj Ahmed Meah

Dato' Azlan Meah Bin Haji Ahmed Meah, a Malaysian aged 53, was appointed as our Non-Independent Non-Executive Director on 15 September 2009. He furthered his education at Bunker Hill Community College, Boston, USA. He began his career in Berjaya group of companies in 1986 as business development manager and was the senior general manager (Corporate Services & Information) prior to his current appointment to the board of directors of BCorporation as an executive director in 2005. He has more than 23 years of working experience in the Berjaya group of companies and has played a major advisory role in the Berjaya group of companies' projects in the field of privatisation, infrastructure, air transportation, recreational and hotel resort development. He was a director in Berjaya Media Berhad up to 10 February 2010. Currently, he is an executive director of BCorporation and Berjaya Group Berhad. He also sits on the boards of Berjaya Hills Berhad, Bukit Kiara Resort Berhad, KDE Recreation Berhad and several other private limited companies.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.3.7 Mr Loh Chen Peng

Mr Loh Chen Peng, a Malaysian aged 56, was appointed as our Independent Non-Executive Director on 15 September 2009. He is a member of the Malaysian Institute of Certified Public Accountants (MICPA). His career started in 1975 when he articulated with Deloitte KassimChan, an international firm of chartered accountants, during which he gained membership with MICPA. He left in 1980 and joined Arab-Malaysian Merchant Bank Berhad, a merchant banking group during which he held several senior management positions in the areas of corporate advisory and corporate banking. In 1994, he was involved in establishing Phileo Allied Bank Berhad, a commercial bank and served on its executive committee of directors until 2001. He was also a director of Major Team Holdings Berhad up to 19 May 2010. He is currently involved in several private ventures. He sits on the boards of Berjaya Media Berhad, Dijaya Corporation Berhad and several other private limited companies.

5.3.8 En Azhar Bin Mohamad

En Azhar Bin Mohamad, a Malaysian aged 45, was appointed as our Independent Non-Executive Director on 6 October 2009. He graduated in 1988 with a Bachelor of Arts (Hons) in Accounting and Finance from University of Lancaster, United Kingdom. In 2005, he received a Masters Degree in Law (Business Law Executive) from International Islamic University, Malaysia. He is a fellow member of The Association of Chartered Certified Accountants (UK) and a member of Malaysian Institute of Accountants. He is also the holder of the Capital Markets Services Representative's Licence for advising on Corporate Finance issued by the SC. His career started in 1991 as an executive in the Corporate Banking department of Amanah Merchant Bank Berhad. In 1993 he joined KUB Holdings Berhad as a corporate planning manager. He was attached to the SC from 1995 and left in early 2008, with his last position there as Head of Securities Issues Department. Currently, he is the managing director of MainStreet Advisers Sdn Bhd, a local corporate finance advisory firm.

5.4 Remuneration And Benefits

The aggregate remuneration and benefits paid/accrued to the Directors of our Company for services rendered in all their capacities within our Group for the Proforma FYE 2009 and proposed remuneration and benefits for the current financial year ending 31 December 2010, are set out below in bands of RM50,000.

Director	Remuneration And Benefits Band (RM)	
	Proforma FYE 2009	Financial Year Ending 31.12.2010
Tan Sri Dato' Tan Kok Ping	-	50,001 - 100,000
Ng Su Onn	750,001 – 800,000	900,001 - 950,000
Yeap Dein Wah	400,001 – 450,000	500,001 - 550,000
Chan Kien Sing	100,001 – 150,000	150,001 - 200,000
Tan U-Ming	400,001 – 450,000	550,001 - 600,000
Dato' Azlan Meah Bin Hj Ahmed Meah	1 – 50,000	1 - 50,000
Loh Chen Peng	1 – 50,000	1 - 50,000
Azhar Bin Mohamad	1 – 50,000	1 - 50,000

5. PRDMTTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CDNT'D)

Save as disclosed above and in Section 2.2(iii) of this Prospectus, there are no other amounts/benefits paid or intended to be paid or given to any of our Company's Promoter, substantial shareholder or Director, within the two (2) years preceding the date of this Prospectus.

5.5 Committees

5.5.1 Audit Committee

Our Company's Audit Committee comprises the following members:-

Name	Designation	Directorship
Loh Chen Peng	Chairman	Independent Non-Executive Director
Azhar Bin Mohamad	Member	Independent Non-Executive Director
Chan Kien Sing	Member	Non-Independent Non-Executive Director

Our Company's Audit Committee is principally responsible for the review of audit plan and audit report of the auditors, review of the internal control procedures, review of the auditors' evaluation of internal accounting controls, review of the financial statements and nomination of the auditors.

5.5.2 Remuneration Committee

Our Company's Remuneration Committee comprises the following members:-

Name	Designation	Directorship
Chan Kien Sing	Chairman	Non-independent Non-Executive Director
Loh Chen Peng	Member	Independent Non-Executive Director
Dato' Azlan Meah Bin Hj Ahmed Meah	Member	Non-Independent Non-Executive Director

Our Company's Remuneration Committee is principally responsible for reviewing and recommending to our Board the remuneration package and the terms of employment of our Executive Directors, and also recommending the remuneration levels of our non-Executive Directors with reference to market practice.

5.5.3 Nomination Committee

Our Company's Nomination Committee comprises the following members:-

Name	Designation	Directorship
Dato' Azlan Meah Bin Hj Ahmed Meah	Chairman	Non-Independent Non-Executive Director
Loh Chen Peng	Member	Independent Non-Executive Director
Azhar Bin Mohamad	Member	Independent Non-Executive Director

Our Company's Nomination Committee is principally responsible for recommending to our Board, appointment of new Directors of our Company and Board committees. Our Board as a whole makes all decision on appointments after considering the recommendations of the Nomination Committee.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.6 Key Management

Our Company's key management personnel and their holdings of our Company's Shares are set out below.

Name	Designation	Before The Offer For Sale*		Upon Listing	
		Direct No. Of Shares	Indirect %	Direct No. Of Shares	Indirect %
7-ELEVEN GROUP					
Chan Kien Sing	Managing Director	4,769 ^(a)	#	4,769	#
Ng Su Onn	Executive Director	-	-	-	-
Tan U-Ming	Director, Head of Procurement, Constructions & Maintenance, and Advertising & Promotions	-	-	-	-
Low Nam Chuan	General Manager, Finance	-	-	-	-
Hor Kar Shan	General Manager, Merchandising And Store Development	-	-	-	-
SINGER GROUP					
Yeap Dein Wah	Managing Director	912 ^(a)	#	912	#
Ng John Kit	General Manager, Marketing Services Division	2 ^(a)	#	2	#
Lee Yoke Wai	General Manager, Field Operations	2 ^(a)	#	2	#
Tan Kim Chee	General Manager, Northwest and Central Region	-	-	-	-
Wong Siew Mooi	Assistant General Manager, Accounts And Finance	5,970 ^(a)	#	5,970	#
Yap Weng Yue	Assistant General Manager, Systems And Procedures	2 ^(a)	#	2	#
Abdul Malek Bin Mohd Yunus	Assistant General Manager, Credit Operations	-	-	-	-

Notes:-

* Based on the Minimum Dividend Scenario, assuming that none of the outstanding BCorporation ICULS as at 25 May 2010, are converted into BCorporation Shares. The shareholding of our Promoters (except Cosway) in our Company will be subject to change based on their respective shareholdings in BCorporation as at the Entitlement Date.

Less than 0.05%.

(a) Beneficial interest pursuant to the Dividend-In-Specie.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Our Company's key management personnel and their holdings of our Company's ICPS are set out below.

Name	Designation	Before The Offer For Sale*		Upon Listing	
		No. Of ICPS	%	No. Of ICPS	%
7-ELEVEN GROUP					
Chan Kien Sing	Managing Director	-	-	Up to 100,000	#
Ng Su Onn	Executive Director	-	-	Up to 100,000	#
Tan U-Ming	Director, Head of Procurement, Constructions & Maintenance, and Advertising & Promotions	-	-	Note (1)	-
Low Nam Chuan	General Manager, Finance	-	-	16,500	#
Hor Kar Shan	General Manager, Merchandising And Store Development	-	-	16,500	#
SINGER GROUP					
Yeap Dein Wah	Managing Director	-	-	Up to 100,000	#
Ng John Kit	General Manager, Marketing Services Division	-	-	16,500	#
Lee Yoke Wai	General Manager, Field Operations	-	-	21,800	#
Tan Kim Chee	General Manager, Northwest and Central Region	-	-	21,800	#
Wong Siew Mooi	Assistant General Manager, Accounts And Finance	-	-	16,500	#
Yap Weng Yue	Assistant General Manager, Systems And Procedures	-	-	16,500	#
Abdul Malek Bin Mohd Yunus	Assistant General Manager, Credit Operations	-	-	19,500	#

Notes:-

* 5,000,000 ICPS are reserved for application by all eight (8) Directors of our Company, twelve (12) directors of BCorporation and approximately 1,068 eligible employees of our Group and BCorporation Group, pursuant to the Offer For Sale.

Less than 0.05%, based on a total of 962,432,000 ICPS

(1) Mr Tan U-Ming has voluntarily withdrawn from applying for any ICPS which have been allocated to him.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Save for the profiles of Mr Chan Kien Sing, Mr Ng Su Onn, Mr Tan U-Ming and Mr Yeap Dein Wah which are set out in Section 5.1.7 and Section 5.3 of this Prospectus, the profiles of the other key management personnel of our Company are as follows.

5.6.1 Mr Low Nam Chuan

Mr Low Nam Chuan, a Malaysian aged 52, is the General Manager, Finance, of 7-Eleven, and is responsible for the accounting, taxation and treasury functions of 7-Eleven Group.

He became a qualified chartered accountant in 1981 from the Chartered Institute of Management Accountants. He was also an associate member of the Chartered Institute of Management Accountants between 1984 and 1998 and has been an associate member of the Malaysia Institute of Accountants since 1988. In 1979, he started his career in a public accountants firm and left to join UMW Holdings Berhad in 1981. In 1983, he joined United Chemical Industries Berhad as Head of Accounts Division. Prior to joining Berjaya Capital Berhad in 1995, he was served as a finance manager in Sumitomo Electric Sintered Components Sdn Bhd for five years. Over the past 14 years, he was assigned to various subsidiaries within the BCorporation Group until 2007 where he was assigned to 7-Eleven in his current position.

5.6.2 Mr Hor Kar Shan

Mr Hor Kar Shan, a Malaysian aged 51, is the General Manager, Merchandising And Store Development, of 7-Eleven, and is responsible for the development of the product portfolio and pricing strategy of the products for the convenience stores as well as ensuring sustainable store growth through proper evaluation and approval of the sites.

He graduated in 1983 from Monash University, Melbourne Australia with a Bachelor of Economics Degree majoring in Accounting. In 1983, he started his career in Messrs Chop Yuen Yuen. Thereafter, he joined Messrs Paramalingam & Co., an accounting firm, in 1984 and became semi senior accountant at Messrs Kassim Chan & Co in 1985. He was appointed as chief accountant of Multiart & Graphics Sdn Bhd in 1987 and subsequently, took up the position as credit control and administrative manager at Spicers (M) Sdn Bhd in 1989. He joined 7-Eleven in 1991 as Finance Manager and was appointed as Store Development Manager in 2001. In 2006, he was appointed as Merchandising Manager and thereafter, he was appointed to his current position in 2010.

5.6.3 Mr Ng John Kit

Mr Ng John Kit, a Malaysian aged 53, is the General Manager, Marketing Services Division, of Singer, and is responsible for product procurement and marketing services.

He graduated with a Higher Diploma in Accounting from the London Chamber of Commerce and Industry in 1975. In 1993, he obtained a Diploma in Management Program from the Malaysian Institute of Management (MIM) and in 1998, received a Master in Business Administration degree (MBA) from University of Heriot-Watt in Edinburgh, Scotland, UK. His career started in 1978 in United Asian Bank Berhad where he worked for about 13 years. He joined Singer in 1991 as Purchasing Manager and was later promoted to Senior Purchasing Manager in 1994 and as Senior Manager of the Product Development Department in 1996. In 2000, was appointed Assistant General Manager, Operations Services Department and as General Manager, Marketing Services Division in 2002.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.6.4 Mr Lee Yoke Wai

Mr Lee Yoke Wai, a Malaysian aged 48, is the General Manager, Field Operations, of Singer, and is responsible for the entire sales functions of the Singer Group.

His career started as a Sales Agent with Singer in 1981. In 1984 he was appointed as Branch Manager and was later promoted to Area Manager in 1991. In 1993, he was appointed Regional Manager and in 2000 as Senior Manager of Field Operations. He took up the position in his current tenure as General Manager, Field Operations, at Singer in 2002.

5.6.5 Mr Tan Kim Chee

Mr Tan Kim Chee, a Malaysian aged 52, is the General Manager of Northwest and Central Region of Singer and is responsible for the sales and collection functions of the aforesaid regions.

His career started in 1977 as a Sales Agent with Singer. In 1980 he was a Credit Services Representative of Singer and was later promoted to Credit Services Supervisor in 1982 and as District Manager in 1984. In 1991, he was appointed as Area Manager and in 1993 became the Regional Manager. In 1999, he was the Senior Manager, Field Operations and in 2002, became the Head of Credit Operations Department. He was promoted to General Manager, Credit Operations Department and Network Development in 2003 and as General Manager, Distributors And Dealers Development, of Singer in 2006. He took up the position in his current tenure as General Manager of Northwest and Central Region of Singer in 2010.

5.6.6 Ms Wong Siew Mooi

Ms Wong Siew Mooi, a Malaysian aged 55, is the Assistant General Manager, Accounts And Finance, of Singer, and is mainly responsible for maintaining and improving the organisational administrative system, ensuring compliance of company policies and overseeing the accounts and finance departments and divisions of Singer Group.

She is a Fellow Member of the Association of Chartered Certified Accountants and a Member of the Malaysia Institute of Accountants. Her career started in 1978 as an audit semi-senior at an accounting firm in Kuala Lumpur. In 1981, she joined Carrier (Malaysia) Sdn Bhd. She left in 1993 to take up the position as Financial Accountant at Singer. She was appointed as Assistant General Manager, Accounts and Finance in 2009.

5.6.7 Ms Yap Weng Yue

Ms Yap Weng Yue, a Malaysian aged 49, is the Assistant General Manager, Systems And Procedures, of Singer, and is mainly responsible for all information technology (IT)-related matters in the Management Information Systems (MIS) Department, IT audit and process control, credit sales and documentation, and motorcycle sales and documentation.

She graduated in 1983 with a Bachelor of Science Degree majoring in Mathematics, from Chelsea College, University of London, UK. The following year in 1984, she received a Master of Science Degree in Computer Science from University College, University of London, UK. Her career started in 1985 in Unidata Sdn Bhd, an IT solutions company. Thereafter, she joined Lion Group Berhad as assistant manager. She joined Singer in 1994 as Applications Development Manager and in 1999, took up the position as Senior Manager, Management Information Systems (MIS). In 2002, she was appointed as Senior Manager, Special Projects where she was assisting the executive director in matters relating to IT and MIS operations and new projects. In 2003, she was appointed as Senior

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Manager, Systems And Procedures, and thereafter to her current position as Assistant General Manager, Systems And Procedures in 2005.

5.6.8 En Abdul Malek Bin Mohd Yunus

En Abdul Malek Bin Mohd Yunus, a Malaysian aged 47, is the Assistant General Manager, Credit Operations, of Singer, and is mainly responsible for managing credit control and credit administrative issues within Singer Group.

He graduated from Universiti Teknologi MARA (UiTM) in 1984 with a Certificate in Hotel and Catering Management. His career started in 1986 when he joined Singer as Field Auditor and was mainly responsible for credit evaluation. He was appointed as Task Force Supervisor and later Credit Control Supervisor in 1990 and took up the position as Assistant Manager, Credit Control in 1992. He was promoted to Credit Control Manager in 1994 and as Senior Manager, Credit Operations in 2000. He took up the position in his current tenure as Assistant General Manager, Credit Operations in 2008.

5.6.9 Involvement In Other Businesses

Save for Mr Chan Kien Sing, Mr Yeap Dein Wah and Mr Tan U-Ming as disclosed in their respective profiles in Section 5.3 of this Prospectus, our Company's Executive Directors, and our Group's key management personnel are presently serving as full time personnel of our Group. Our Board is of the opinion that the directorships of Mr Chan, Mr Yeap and Mr Tan in the companies other than our Group will not affect their commitments and responsibilities to our Group as they are mainly involved in advising on strategic issues of the other companies, which do not require significant portion of their time. Daily operations of the active businesses are managed by experienced key management personnel of the respective companies in the B-Retail Group.

5.7 Declaration

None of our Company's Promoters, Directors or our Group's key management personnel is or has been involved in any of the following events, in or outside Malaysia:-

- i) a petition under any bankruptcy or insolvency laws filed and has not been struck out, against such person, or any partnership in which he/she was a partner, or any corporation of which he/she was a director or key personnel;
- ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- iii) a charge and/or conviction in a criminal proceeding or is a named subject of a pending criminal proceeding;
- iv) a judgement entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- v) an order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.8 Family Relationships/Associations

Save as disclosed below, there are no family relationships (as defined in Section 122A of the Companies Act, 1965) or associations between our Company's Promoters, substantial shareholders and Directors, or our Group's key management personnel.

- TSVT is the ultimate controlling shareholder of the following Promoters and substantial shareholders of our Company:-

Promoters And Substantial Shareholders	Promoters	Substantial Shareholders
<ul style="list-style-type: none"> • Premier Merchandise Sdn Bhd • Hotel Resort Enterprise Sdn Bhd • Cosway • HQZ Credit Sdn Bhd 	<ul style="list-style-type: none"> • Superior Structure Sdn Bhd • Sublime Cartel Sdn Bhd • B & B Enterprise Sdn Bhd • Nostalgia Kiara Sdn Bhd • Berjaya Times Square Sdn Bhd • Berjaya Assets Berhad (formerly known as Matrix International Berhad) • Desiran Unggul Sdn Bhd • Gemtech (M) Sdn Bhd • Nautilus Corporation Sdn Bhd • Lengkap Bahagia Sdn Bhd • Berjaya Media Berhad • Tan Sri Dato' Tan Chee Sing • Puan Sri Datin Chan Shao Tsiu • Dato' Robin Tan Yeong Ching • Datin Leow Huei Hsien • Rayvin Tan Yeong Sheik • Tan U-Ming • Morvin Tan U-Jiang 	<ul style="list-style-type: none"> • Intan Utilities Berhad • Vista Meranti Sdn Bhd • Global Empires Sdn Bhd • Garima Holdings Sdn Bhd • Juara Sejati Sdn Bhd • Berjaya Group Berhad • BCorporation

- TSVT is also the:
 - a) brother of Tan Sri Dato' Tan Chee Sing.
 - b) brother-in-law of Puan Sri Datin Chan Shao Tsiu, the spouse of Tan Sri Dato' Tan Chee Sing.
 - c) father of Dato' Robin Tan Yeong Ching, Mr Rayvin Tan Yeong Sheik, Mr Tan U-Ming (who is a Director of B-Retail) and Mr Morvin Tan U-Jiang
 - d) father-in-law of Datin Leow Huei Hsien, the spouse of Dato' Robin Tan Yeong Ching.

5.9 Service Agreements

There are no existing or proposed service agreements entered into by our Group or any company within our Group, with our Company's Directors or key management personnel, excluding contracts expiring or determinable by our Group without payments or compensation (other than statutory compensation) within one (1) year.

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

5.10 Significant Changes In The Promoters' And/Or Substantial Shareholders' Shareholdings In Our Company

Significant changes in the shareholdings of our Company's Promoters and/or substantial shareholders since the incorporation of our Company on 8 June 2009 up to the LPD were as follows:-

Name	As At 18.05.2010		Upon Completion Of The Acquisitions Of 7-Eleven And Singer	
	Direct (%)	Indirect (%)	Direct (%)	Indirect (%)
Promoters				
TSVT	-	-	-	100.0 ^(a)
Premier Merchandise Sdn Bhd	-	-	11.2	-
Hotel Resort Enterprise Sdn Bhd	-	-	-	88.8 ^(b)
Cosway	-	-	88.8	-
Superior Structure Sdn Bhd	-	-	-	-
Sublime Cartel Sdn Bhd	-	-	-	-
B & B Enterprise Sdn Bhd	-	-	-	-
HQZ Credit Sdn Bhd	-	-	-	11.2 ^(c)
Nostalgia Kiara Sdn Bhd	-	-	-	-
Berjaya Times Square Sdn Bhd	-	-	-	-
Berjaya Assets Berhad (formerly known as Matrix International Berhad)	-	-	-	-
Desiran Unggul Sdn Bhd	-	-	-	-
Gemtech (M) Sdn Bhd	-	-	-	-
Nautilus Corporation Sdn Bhd	-	-	-	-
Lengkap Bahagia Sdn Bhd	-	-	-	-
Berjaya Media Berhad	-	-	-	-
Tan Sri Dato' Tan Chee Sing	-	-	-	-
Puan Sri Datin Chan Shao Tsiu	-	-	-	-
Dato' Robin Tan Yeong Ching	-	-	-	-
Datin Leow Huei Hsien	-	-	-	-
Rayvin Tan Yeong Sheik	-	-	-	-
Tan U-Ming	-	-	-	-
Morvin Tan U-Jiang	-	-	-	-
Substantial Shareholders				
Gan Swee Peng	50.0	-	#	-
Soh Ley Moi	50.0	-	#	-
Intan Utilities Berhad	-	-	-	11.2 ^(c)
Vista Meranti Sdn Bhd	-	-	-	11.2 ^(c)
Global Empires Sdn Bhd	-	-	-	88.8 ^(b)
Garima Holdings Sdn Bhd	-	-	-	88.8 ^(b)
Juara Sejati Sdn Bhd	-	-	-	88.8 ^(b)
Berjaya Group Berhad	-	-	-	88.8 ^(b)
BCorporation	-	-	-	88.8 ^(b)

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Notes:-

- # Less than 0.05%.
- (a) Deemed interest by virtue of Section 6A (4) of the Companies Act, 1965, held through his indirect interests in Premier Merchandise Sdn Bhd and Cosway.
- (b) Deemed interest by virtue of Section 6A (4) of the Companies Act, 1965, held through its direct/indirect interest in Cosway.
- (c) Deemed interest by virtue of Section 6A (4) of the Companies Act, 1965, held through its direct/indirect interest in Premier Merchandise Sdn Bhd.

5.11 Principal Business Activities Performed Outside B-Retail

The directorships and principal business activities performed outside the Company for the past five (5) years up to LPD are as follows:-

Name	Directorship	Involvement in Business Activities Other Than As A Director
Tan Sri Dato' Tan Kok Ping	Present directorship <ul style="list-style-type: none"> Magni-Tech Industries Berhad Inter-Packaging Sdn Bhd South Island Garment Sdn Bhd South Island Packaging (Penang) Sdn Bhd Lowe Motors Sdn Bhd GPS Tech Solutions Sdn Bhd KP Holdings Sdn Bhd 	None
Ng Su Onn	Previous directorship for the past five (5) years <ul style="list-style-type: none"> Golden Arches Restaurant Sdn Bhd (resigned on 17 February 2007) Premium Merchandise Sdn Bhd (resigned on 23 February 2009) Wen Berjaya Sdn Bhd (resigned on 10 November 2008) 	None
Yeap Dein Wah	Present directorship <ul style="list-style-type: none"> Berjaya HVN Sdn Bhd Direct Vision Sdn Bhd Tegas Kinta Sdn Bhd The Catalog Shop Sdn Bhd Previous directorship for the past five (5) years (resigned on 28 August 2008) <ul style="list-style-type: none"> Anemostat Topgroup Sdn Bhd Dunham-Bush Industries Sdn Bhd Dunham-Bush Parts & Services Sdn Bhd Dunham-Bush Sales & Services Sdn Bhd Dunham-Bush Topaire Sdn Bhd Topaire Sales & Services Sdn Bhd Topgroup M&E Service Sdn Bhd Topgroup Parts & Services (Kuantan) Sdn Bhd Topgroup Polacel Sdn Bhd Regnis (S) Pte. Ltd. (resigned on 9 July 2009) Kosppek Trading Sdn Bhd (resigned on 28 June 2009) 	None

5. PRDMDTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Name	• Directorship	Involvement In Business Activities Other Than As A Director
Chan Kien Sing	<ul style="list-style-type: none"> • Present directorship • Berjaya Assets Berhad (formerly known as Matrix International Berhad) • Berjaya Capital Berhad • Berjaya Corporation Berhad • Berjaya Group Berhad • Berjaya Media Berhad • Berjaya Sports Toto Berhad • Berjaya Vacation Club Berhad • Intan Utilities Berhad • International Lottery & Totalizator Systems Inc, USA • Ambilan Imej Sdn Bhd • Berjaya HVN Sdn Bhd • Berjaya Registration Services Sdn Bhd • Berjaya Times Square Sdn Bhd • Cosway (M) Sdn Bhd • Country Farm Sdn Bhd • FEAB Land Sdn Bhd • FEAB Properties Sdn Bhd • Focus Equity Sdn Bhd (<i>in liquidation</i>) • Inter-Pacific Capital Sdn Bhd • Inter-Pacific Securities Sdn Bhd • Megaquest Sdn Bhd • Natural Avenue Sdn Bhd • Premier Merchandise Sdn Bhd • PMCC-Berjaya Special Steel Sdn Bhd (<i>winding up</i>) • Rantau Embun Sdn Bhd • Sports Toto Fitness Sdn Bhd (formerly known as Berjaya Wellesley Hotel Sdn Bhd) • Sun Media Corporation Sdn Bhd • CashSystems Asia Technology Sdn Bhd (<i>in receivership</i>) 	None
Dato' Azlan Meah Bin Hj Ahmed Meah	Present directorship <ul style="list-style-type: none"> • Berjaya Corporation Berhad • Berjaya Group Berhad • Berjaya Hills Berhad • Bukit Kiara Resort Berhad • KDE Recreation Berhad • KUB-Berjaya Enviro Sdn Bhd • Amat Muhibah Sdn Bhd • Berjaya 2nd Homes (MM2H) Sdn Bhd • Berjaya Bandartex Sdn Bhd • Berjaya Education Sdn Bhd • Berjaya Guard Services Sdn Bhd • Berjaya International Schools Sdn Bhd • Berjaya Redang Beach Resort Sdn Bhd • Berjaya Soutex Sdn Bhd • Bermaz Motor Sdn Bhd • Bermaz Motor Trading Sdn Bhd • Changan Berjaya Auto Sdn Bhd 	None

5. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

	<ul style="list-style-type: none"> • Cosmo' World Theme Park Sdn Bhd • Dian Cerdas Sdn Bhd • Inter-Pacific Capital Sdn Bhd • Inter-Pacific Futures Sdn Bhd (<i>in liquidation</i>) • Inter-Pacific Paper (M) Sdn Bhd • Inter-Pacific Trading Sdn Bhd • Kumpulan Roda Sdn Bhd • Magna Pertiwi Sdn Bhd • Prima Merdu Sdn Bhd • Restoran Rasa Utara Sdn Bhd • Securexpress Services Sdn Bhd • Sparkling Hallmark Sdn Bhd • Successline (M) Sdn Bhd • Successline Express Sdn Bhd • Sun Media Corporation Sdn Bhd • United Approach Sdn Bhd 	
	<p>Previous directorship for the past five (5) years</p> <ul style="list-style-type: none"> • Berjaya Media Berhad (resigned on 10 February 2010) • Indah Jaya Plantations Sdn Bhd (resigned on 13 May 2009) 	
Loh Chen Peng	<p>Present directorship</p> <ul style="list-style-type: none"> • Berjaya Media Berhad • Dijaya Corporation Berhad • Juara Sergap Sdn Bhd • Abad Horizon Sdn Bhd • ReverseMortgage Sdn Bhd • Seed2Tree Sdn Bhd <p>Previous directorship for the past five (5) years</p> <ul style="list-style-type: none"> • Major Team Holdings Berhad (resigned on 19 May 2010) 	None
Azhar Bin Mohamad	<p>Present directorship</p> <ul style="list-style-type: none"> • MainStreet Advisers Sdn Bhd 	None

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6. APPROVALS AND CONDITIONS (CONT'D)

6.1 Approvals For The Listing

The listing of our Company on the Main Market of Bursa Securities was approved by the relevant authorities as follows:-

Authority	Date
SC	3 June 2010
MITI	9 April 2010
Bursa Securities	10 June 2010

The conditions imposed by the SC via its letter dated 3 June 2010 and the status of compliance with these conditions are as follows:-

Conditions Imposed	Status Of Compliance
(i) B-Retail should enhance the disclosures made in the initial public offering Prospectus of B-Retail on the following:-	Complied. Disclosure are as follows:-
(a) Details of the debts owed to 7-Eleven and Singer to be assumed by B-Retail	<ul style="list-style-type: none"> • Section 2.8 • Accountant's Report – Sections 6.2.14, 6.6.21, 6.6.28 and 6.6.33
(b) The implication of the assumption of debts on the interest income of the B-Retail Group	<ul style="list-style-type: none"> • Section 2.8; • Section 1.5.1
(c) The terms of the debts to be assumed by B-Retail and whether or not there is any issues on tax leakage if interest is charged on the debts	<ul style="list-style-type: none"> • Section 2.8 • Section 7.3 (i) • Accountant's Report – Sections 6.2.14, 6.6.21, 6.6.28 and 6.6.33
(d) What would be the proforma profits of the B-Retail Group (assuming interest income is excluded) and the implications of this on the price-earnings multiple of the B-Retail Group	Section 1.5.1
(e) How the proforma profits of the B-Retail Group would be maintained post listing given that the interest income of intercompany loans from the vendors would be forgone upon the assumption of debts	Section 2.8
(f) The implication of the low margins recorded by 7-Eleven as a specific business risk	Section 3.2.2 (vi)
(g) To quantify the contribution from the related-party transactions to B-Retail Group's profit for the financial years/period under review	Section 7.1
(h) Singer's past provisions and bad debts as reflected in the accounts and its policy on the provisioning of its doubtful debts as part of the risk arising from potential bad debts	Section 3.2.3 (iii)
(i) Clear explanation on the bases for the determination of the offer price of B-Retail's shares and ICPS as well as the theoretical valuation of ICPS, together with appropriate commentaries	Section 2.3
(j) The implication of the conversion of the ICPS as a risk factor	Section 3.3
(k) An undertaking by the major ICPS holders to place out the shares (upon conversion of the ICPS) to meet the public shareholding spread requirement	Section 3.3
(ii) B-Retail should:-	
(a) Obtain the Certificate of Fitness for the 2.5-storey shop office located on Geran 33869 Lot No. 746, Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur and Geran 24043 Lot No. 887, Section 57, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur (" Property "); and	Will be complied
(b) Convert the said express condition of the Property from agricultural use to commercial buildings,	

6. APPROVALS AND CONDITIONS (CONT'D)

Conditions Imposed	Status Of Compliance
<p>within six (6) months from the date of SC's approval letter;</p> <p>(iii) B-Retail should allocate 50% of the public spread requirement to Bumiputera investors, including the shares offered under the balloted public offer portion, of which 50% are to be offered to retail Bumiputera investors. In the event that B-Retail/Ministry Of International Trade and Industry is unable to allocate the shares to Bumiputera investors, the unsubscribed shares shall be offered to the Bumiputera public investors via balloting; and</p> <p>(iv) AmInvestment/B-Retail should fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the proposal.</p>	<p>Will be complied</p> <p>Will be complied</p> <p>Will be complied</p>

The MITI had taken note of our Listing Scheme via its letter dated 9 April 2010. The conditions imposed by MITI and the status of compliance with these conditions are as follows:-

Conditions Imposed By MITI	Status Of Compliance
(i) To obtained the SC's approval; and	Complied.
(ii) B-Retail to inform MITI upon completion of our Proposed Listing.	Will be complied.

Bursa Securities, via its letter dated 10 June 2010, has approved our admission to the Official List and the listing of and quotation of our enlarged issued and paid-up share capital on the Main Market of Bursa Securities, subject to the following conditions:

Conditions Imposed By Bursa Securities	Status Of Compliance
<p>B-Retail and its adviser are required to comply with the following:</p> <p>(i) Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Practice Note 21 of the Main Market Listing Requirements;</p> <p>(ii) Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid-up share capital of B-Retail on the first day of Listing; and</p> <p>(iii) Furnish Bursa Securities a confirmation that there are at least 100 ICPS holders holding not less than one (1) board lot each</p> <p>The approval by Bursa Securities for the above ICPS is subject to the following conditions:</p> <p>(i) Payment of the additional listing fees pertaining to the conversion of ICPS. In this respect, B-Retail is required to furnish Bursa Securities on a quarterly basis a summary of the total number of Shares listed pursuant to the conversion of ICPS as at the end of each quarter together with a details computation of listing fees payable; and</p> <p>(ii) An announcement on the profile of the ICPS will be made via Bursa Link – Instrument Profile prior to the Listing of and quotation for the ICPS. B-Retail/ principal adviser must also make an announcement on any subsequent revisions/amendments to the profile of the ICPS (including any revisions arising from the adjustments)</p> <p>In the event the new Shares to be issued pursuant to the conversion of the ICPS will be listed and quoted as existing securities of the same class, quotation of the new Shares will commence on the next market day after the following:</p>	<p>Will be complied.</p> <p>Will be complied.</p> <p>Will be complied.</p> <p>Will be complied.</p> <p>Will be complied.</p>

6. APPROVALS AND CONDITIONS (CONT'D)

Conditions Imposed By Bursa Securities	Status Of Compliance
(i) Submission of the share certificate together with the covering letter containing the summary of the corporate proposal to Bursa Depository before 10 a.m on the Market Day prior to the Listing date;	Will be complied, if applicable
(ii) Receipt of confirmation from Bursa Depository that the additional new Shares are ready for crediting into the respective account holders; and	Will be complied, if applicable
(iii) An announcement in accordance with paragraph 13.2 of Practice Note 28 is submitted via Bursa Link before 3p.m on the Market Day prior to Listing date.	Will be complied, if applicable
In the event that the new Shares to be issued pursuant to the conversion of ICPS will be separately quoted from the existing securities, i.e "A" shares, B-Retail is required to submit an application for quotation of the new securities to Bursa Securities as specified under Part C of Annexure PN28-B.	Will be complied, if applicable
B-Retail is required to ensure full compliance of all the requirements as provided under the Main Market Listing Requirements at all times.	Will be complied

6.2 Exemption From Compliance With The SC's Prospectus Guidelines – Equity And Debt

The SC had via its letter dated 6 April 2010 also approved our application for exemption from compliance with the following paragraphs of the SC's Prospectus Guidelines – Equity And Debt:-

Paragraph	Parties/Document Concerned
i) 9.01(a) Background information and nationality/ country of and incorporation 9.01(b)	UBS AG and Goldman Sachs Group, Inc., substantial shareholders of our Company
ii) 11.03 a) Details of their direct and indirect interests in:- i) other businesses and corporations carrying on a similar trade as our Group; and ii) other businesses and corporations which are the customers or suppliers of our Group; b) Whether their interests in these other businesses and corporations would give rise to a situation of conflict of interest with our Group's business and steps taken to address such conflicts.	
iii) 18.01(c) Each material contract or document referred to in the Prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts.	The ALA, the Restructure and IPO Consent Agreement entered into by B-Retail with 7-Eleven Inc, (USA) dated 5 January 2010 and the License Agreement entered into between Singer and SSMC Inc dated 26 August 1989 as disclosed in, amongst others, Section 4.2.3 of this Prospectus.
iv) 8.02(m) Salient terms of any contract/ arrangement/ document/ other matter on which the corporation is highly dependent. This includes patents or licences, industrial, commercial or financial contracts or new manufacturing processes, where such factors are material to the corporation's business or profitability.	

6. APPROVALS AND CONDITIONS (CONT'D)

In the same letter the SC has also approved the distribution of the Prospectus in compact-disc format to the shareholders of BCorporation pursuant to the Dividend-In-Specie, subject to the following conditions. The status of compliance with these conditions are as follows:-

Conditions Imposed By The SC		Status Of Compliance
(i)	B-Retail should strictly comply with the SC's Electronic Prospectuses and Application Guidelines;	Complied, where applicable.
(ii)	Contents of the Prospectus in the compact-disc format should be in a printable format;	Complied.
(iii)	B-Retail is required to make available sufficient copies of the printed Prospectus for shareholders of BCorporation who request for it;	Will be complied, when applicable.
(iv)	The compact-disc format should be accompanied by a printed notice stating that the printed copies of the Prospectus are available upon request. Shareholders of BCorporation should be given the option to have the printed Prospectuses delivered to them, or obtained from designated locations; and	Complied.
(v)	Shareholders of BCorporation who request for printed copies of the Prospectus should be provided the same free of charges. Delivery charges, if applicable, should also be borne by B-Retail.	Will be complied, when applicable.

6.3 Moratorium On Shares

The SC, in approving the listing of our Company, has imposed a moratorium on the disposals of certain Promoters' entire shareholdings in our Company as at the date of listing. The following Promoters are not allowed to sell, transfer or assign any of their shareholding in our Company (including all Shares issued to the said Promoters during the moratorium period arising from the conversion of ICPS held by them at the date of listing of our Company on Bursa Securities) for six (6) months from the date of listing of our Company on Bursa Securities. Details of our Company's Shares which are under moratorium, and the number of ICPS held by the relevant Promoters are as follows:-

Promoters	No. Of Shares Held Upon Listing*	% Of Enlarged Issued And Paid-Up Share Capital Upon Listing	No. Of ICPS Held Upon Listing*
TSVT	88,991,500 ^	14.5	-
Premier Merchandise Sdn Bhd	69,027,500 ^^	11.2	809,242,000 ⁽¹⁾
Hotel Resort Enterprise Sdn Bhd	52,844,200 ^	8.6	-
Cosway	78,904,331 @	12.8	68,190,000 ⁽²⁾
Superior Structure Sdn Bhd	11,610,000 ^	1.9	-
Sublime Cartel Sdn Bhd	3,880,000 ^	0.6	-
B & B Enterprise Sdn Bhd	2,927,894 ^	0.5	-
HQZ Credit Sdn Bhd	2,208,939 ^	0.4	-
Nostalgia Kiara Sdn Bhd	1,500,000 ^	0.2	-

6. APPROVALS AND CONDITIONS (CONT'D)

Promoters	No. Of Shares Held Upon Listing*	% Of Enlarged Issued And Paid-Up Share Capital Upon Listing	No. Of ICPS Held Upon Listing*
Berjaya Times Square Sdn Bhd	967,580 ^	0.2	-
Berjaya Assets Berhad (formerly known as Matrix International Berhad)	125,000 ^	#	-
Desiran Unggul Sdn Bhd	95,118 ^	#	-
Gemtech (M) Sdn Bhd	5,090,000	0.8	-
Nautilus Corporation Sdn Bhd	13,580 ^	#	-
Lengkap Bahagia Sdn Bhd	133 ^	#	-
Berjaya Media Berhad	381,858 ^	0.1	-
	318,567,633	51.8	877,432,000

Notes:-

- * The above is based on the Minimum Dividend Scenario, assuming that none of the outstanding BCorporation ICULS as at 25 May 2010, are converted into BCorporation Shares.
- ^ Their shareholdings in our Company are subject to change based on their respective shareholdings in BCorporation as at the Entitlement Date. As such, the moratorium will be imposed on the entire actual shareholdings held as at the date of Listing
- ^^ the shareholdings of Premier Merchandise Sdn Bhd in our Company are subject to change based on its shareholdings in BCorporation as at the Entitlement Date, as well as the extent of its ICPS conversion into new Shares, as detailed out in Note 1 below. As such, the moratorium will be imposed on the entire actual shareholdings held as at the date of Listing
- @ The shareholding of Cosway in B-Retail will depend on the number of Shares to be distributed pursuant to the Dividend-In-Specie as well as the number of ICPS converted into new Shares, if necessary, to ensure that there are adequate Shares for the Offer For Sale. For illustrative purposes, the shareholdings of Cosway were arrived at after taking into account a Dividend-In-Specie of 404,220,669 Shares to BCorporation shareholders as well as the assumption that 80 million ICPS were converted by Cosway in order to ensure adequate Shares for the Offer For Sale. The moratorium will however, be imposed on the entire actual shareholdings of Cosway in B-Retail as at the date of Listing.
- # Less than 0.05%.
- (1) In the event that the Dividend-In-Specie and the Offer For Sale resulted in the aggregate shareholdings of TSVT and Parties Related To TSVT in B-Retail falling / expecting to fall below 50% upon Listing, Premier Merchandise Sdn Bhd will convert such number of B-Retail ICPS to the extent necessary in order to increase the aggregate shareholdings of TSVT and Parties Related To TSVT to more than 50% upon the Listing of B-Retail. The actual number of B-Retail ICPS to be converted will be determined later at the discretion of the BCorporation Board and Premier Merchandise Sdn Bhd.
- (2) Cosway will convert the requisite number of ICPS into new Shares, if necessary, to ensure that there are adequate Shares for the Offer For Sale. For illustrative purposes, the ICPS holdings of Cosway was arrived at after assuming 80 million ICPS converted into Shares by Cosway after the Acquisition of Singer

The moratorium condition is also applicable to all direct and indirect shareholders of the Promoters up to the ultimate individual shareholders or up to the ultimate listed corporation shareholder. Every such shareholder has given an undertaking that he/she/it will not sell, transfer or assign his/her/its securities in the relevant corporations, during the moratorium period as stipulated above.

The SC had via the letter dated 3 June 2010, also approved our Company's application for an exemption from moratorium on the other Promoters.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

7.1 Related Party Transactions

Save as disclosed in this section, Section 7.3 and Section 12.4 of this Prospectus, our Company's Directors have confirmed that for the past three (3) Proforma FYE 2007 to 2009, there were no other related party transactions (as defined in the Main Market Listing Requirements) and proposed related party transactions that are material to our Group and the related parties.

Related Party	Nature	Proforma FYE 2007 (RM'000)	Proforma FYE 2008 (RM'000)	Proforma FYE 2009 (RM'000)
B Corporation Group	Sales ⁽¹⁾ by our Group	868	1,011	711
B Corporation Group	Purchases ⁽²⁾ by our Group	665	1,200	907
SecureExpress Services Sdn Bhd ^(a)	Transportation costs incurred by our Group	6,463	9,897	9,126
Berjaya Land Berhad ^(a) and its subsidiaries	Rental expenses incurred by our Group	2,741	2,879	2,588
Berjaya Golf Resort Berhad ^(a)	Purchase of one (1) unit of 4-storey shopoffice ^(b)	770	1,210	220
MOL AccessPortal Berhad ^(c)	Purchase of reload coupons by our Group (net of commission income)	105,637	298,507	295,949
MOL AccessPortal Berhad ^(c)	Payment of exclusive distribution fee (of MOL AccessPortal Berhad's product) by MOL AccessPortal Berhad to our Group	-	-	2,500
Prime Credit Leasing Sdn Bhd ^(a)	Leasing facility for point-of-sales computer system	-	3,789	4,578
Berjaya Times Square Sdn Bhd ^(d)	Purchase of property ⁽³⁾ by Biofield	-	-	10,500
Cosway ^(e)	Purchase of ordinary shares amounting to 6.11% of the total issued and paid-up capital in Cosway (M) Sdn Bhd by Biofield	-	-	61,108
Cosway (M) Sdn Bhd ^(f)	Purchase of property ⁽⁴⁾ by Teluk Juara	-	-	10,450
The Catalog Shop Sdn Bhd ^(g)	Engagement of The Catalog Shop Sdn Bhd's services for the collection of receivables amounting to RM239.92 million	-	-	45,000
Cosway Corporation Limited (formerly known as Berjaya Holdings (HK) Limited) ^(h)	Sale of ordinary shares amounting to 6.11% of the total issued and paid-up capital in Cosway (M) Sdn Bhd by Biofield pursuant to a restructuring exercise	-	-	61,108
Sun Media Corporation Sdn Bhd ⁽ⁱ⁾	Advertising fees incurred by our Group	341	520	1,785

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (CONT'D)**Notes:-**

- (1) Sales to BCorporation Group consists of sales of Singer products.
- (2) Purchases from BCorporation Group primarily consists of guard services, purchase of stationery and printing of forms.
- (3) Exhibition hall in Berjaya Times Square, held under GRN 56069 Lot No. 2001, Section 52, Bandar dan Daerah Kuala Lumpur, Negeri Wilayah Persekutuan.
- (4) 4 acres of freehold land, held under GRN 97607 Lot No. 64408, Mukim Damansara, Daerah Petaling, Negeri Selangor Darul Ehsan.
- (a) A subsidiary of BCorporation.
- (b) Total consideration for the shopoffice is RM2.2 million, paid/payable from Proforma FYE 2007 onwards.
- (c) An investee company of TSVT.
- (d) Berjaya Times Square Sdn Bhd is a person connected (pursuant to Section 122A of the Companies Act 1965) to TSVT.
- (e) Cosway is a person connected (pursuant to Section 122A of the Companies Act 1965) to TSVT.
- (f) Cosway (M) Sdn Bhd is a person connected (pursuant to Section 122A of the Companies Act 1965) to TSVT.
- (g) The Catalog Shop Sdn Bhd is a person connected (pursuant to Section 122A of the Companies Act 1965) to TSVT.
- (h) Cosway Corporation Limited (formerly known as Berjaya Holdings (HK) Limited) is a person connected (pursuant to Section 122A of the Companies Act 1965) to TSVT.
- (i) A wholly-owned subsidiary of Berjaya Media Berhad which in turn is an associate company of BCorporation

Our Group has transacted and will continue to transact all future related party transactions, at arm's length, on our Group's normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not to the detriment of our Company's minority shareholders. Our Audit Committee will supervise the terms of related party transactions, and our Company's Directors will report recurrent related party transactions, if any, annually in our annual report.

The impact from the abovementioned related party transactions on the Proforma B-Retail Group's profit before tax are as outlined below. However, please take note that this is for illustrative purposes only, as in the event that the Group is not able to source any of the products/services from, or render any of the products/services to related parties, the Group is still able to source/render these products/services from/to external parties, on normal/similar commercial terms.

	Proforma FYE 2007 (RM'000)	Proforma FYE 2008 (RM'000)	Proforma FYE 2009 (RM'000)
Total expenses payable to related party	10,210	14,496	14,406
Total other income receivable from related party	(5,681)	(15,001)	(18,217)
Total net related party transactions	4,529	(505)	(3,811)
Profit before tax of the Proforma B-Retail Group	30,836	44,836	47,059
Impact on total net related party transactions to Proforma B-Retail Group's profit before tax	14.69%	(1.13%)	(8.10%)

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (CONT'D)

Subject to the provisions of the Main Market Listing Requirements, our Company may seek shareholders' mandate in respect of the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for our Group's day-to-day operations, subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or exceeds the applicable prescribed threshold under Paragraph 10.09(1) of the Main Market Listing Requirements;
- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Our Group would, in the ordinary course of our business, enter into transactions, including but not limited to the transactions described in related party transactions set out in Section 7.1 of this Prospectus, with persons which are considered "related party" as defined in Chapter 10 of the Main Market Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Due to the time-sensitive nature of commercial transactions, the shareholders mandate will enable our Company, in our normal course of business, to enter into the categories of related party transactions, provided such interested person transactions are made at arm's length and on normal commercial terms.

An application will be made to Bursa Securities to obtain a waiver to allow our Company to ratify any recurrent related party transactions entered into by our Company or any of its subsidiary companies with the directors or substantial shareholders of our Company or persons connected with such directors or substantial shareholders at the extraordinary general meeting or annual general meeting of our Company, whichever is earlier, commencing after listing date of our Company.

7.2 Transactions That Are Unusual In Their Nature Or Conditions

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or any of our subsidiaries was a party to in the past three (3) Proforma FYE 2007 to 2009.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (CONT'D)**7.3 Loans Made To/For The Benefit Of Related Parties**

Save as disclosed below, our Company's Directors have confirmed that there were no loans (including guarantees of any kind) made by our Company or any of our subsidiaries to or for the benefit of any related party for the past three (3) Proforma FYE 2007 to 2009. The outstanding amounts arising from the aforesaid loans as at the end of each of the past three (3) Proforma FYE 2007 to 2009 and as at 31 December 2009, where applicable, are set out below.

i) 7-Eleven Group

	Related Party	Interest Rate	Advances/Interest Income		Amount Outstanding			
			Proforma FYE 2007 (RM'000)	Proforma FYE 2008 (RM'000)	Proforma FYE 2009 (RM'000)	31.12.2007 (RM'000)	31.12.2008 (RM'000)	31.12.2009 (RM'000)
1.	Advances to HQZ Credit Sdn Bhd and interest accrued thereto	8% per annum	10,313	31,976	4,816	10,313	42,289	47,105
2.	Advances to Premier Merchandise Sdn Bhd and interest accrued thereto	8% per annum	-	108,664	9,475	59	108,723	118,198
3.	Advances to Intan Utilities Berhad and interest accrued thereto	8% per annum	-	-	87	1,092	1,092	1,179
4.	Advances to Wen Berjaya Sdn Bhd, a subsidiary of BCorporation	-	451	297	11	451	42	-

As at 31 December 2009, the total debts owing by related parties (as shown above) amounted to RM166.48 million. The amount of debts assumed by B-Retail as part of the purchase consideration for the Acquisition of 7-Eleven amounts to RM165.38 million. The purchase consideration for the Acquisition of 7-Eleven is lower by about RM1.1 million as compared to the 31 December 2009 balance due to interest charges, which were fully settled by Premier Merchandise in cash upon completion of the Acquisition of 7-Eleven.

7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (CONT'D)

ii) Singer Group

	Related Party	Interest Rate	Advances/Interest Income			Amount Outstanding		
			Proforma FYE 2007 (RM'000)	Proforma FYE 2008 (RM'000)	Proforma FYE 2009 (RM'000)	30.4.2008 (RM'000)	30.4.2009 (RM'000)	31.12.2009 (RM'000)
1.	Advances to The Catalog Shop Sdn Bhd (ceased as subsidiary of Singer on 16 June 2009)	-	-	-	-	29,077	28,130	-
2.	Advances to Cosway and interest accrued thereto	Proforma FYE 2007: 4.5% per annum Proforma FYE 2008: 6.0% per annum Proforma FYE 2009: 6.0% per annum	3,330	3,986	1,267	70,878	-	-

The above advances are short-term in nature and unsecured. As at LPD, there are no related party advances outstanding.

Going forward, B-Retail Group is not envisaged to record any interest income as all non-trade debts owing from related companies have been fully settled.

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7. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (CONT'D)

7.4 Interests In Similar Business

To the best of the knowledge and belief of our Directors, our Directors and substantial shareholders (other than UBS AG and Goldman Sachs Group, Inc. for which an exemption from disclosure has been obtained from the SC, as set out in Section 6.2 of this Prospectus) do not have any substantial direct and/or indirect interests in businesses or corporations carrying on a similar trade as our Group.

7.5 Interests In Other Businesses Or Corporations Which Are Customers Or Suppliers Of Our Group

To the best of the knowledge and belief of our Directors, save as disclosed in Section 7.1 of this Prospectus, our Directors and substantial shareholders (other than UBS AG and Goldman Sachs Group, Inc. for which an exemption from disclosure has been obtained from the SC, as set out in Section 6.2 of this Prospectus) do not have any substantial direct and/or indirect interests in businesses or corporations which are significant customers or suppliers of our Group.

7.6 Declaration By The Advisers

AmInvestment Bank has confirmed that there are no existing or potential conflicts of interest in respect of its capacity as the Adviser for the Listing of our Company.

Messrs. Lee Choon Wan & Co. has confirmed that there are no existing or potential conflicts of interest in respect of their capacity as the Solicitors for the Listing of our Company.

Messrs. Ernst & Young has confirmed that there are no existing or potential conflicts of interest in respect of their capacity as the Reporting Accountants for the Listing of our Company.

Vital Factor Consulting Sdn Bhd has confirmed that there are no existing or potential conflicts of interest in respect of its capacity as the Independent Business And Market Research Consultants for the Listing of our Company.

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8. FINANCIAL INFORMATION

8.1 Proforma Consolidated Financial Information



Ernst & Young

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REPORTING ACCOUNTANTS' REPORT ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in the Prospectus to be dated 30 June 2010)

14 June 2010

The Board of Directors
Berjaya Retail Berhad
Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Wilayah Persekutuan

Dear Sirs

BERJAYA RETAIL BERHAD ("B-Retail" or the "Company") REPORTING ACCOUNTANTS' REPORT ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We report on the proforma consolidated financial information of the Group comprising B-Retail and its subsidiaries comprising 7-Eleven Malaysia Sdn. Bhd. and its subsidiaries, and Singer (Malaysia) Sdn. Bhd. and its subsidiary (collectively known as "B-Retail Group" or the "Group") as set out in the attached Appendix, which we have stamped for the purpose of identification. The proforma consolidated financial information have been prepared for illustrative purposes only on the basis of assumptions as set out in the Notes and after making certain adjustments to show what:

- (a) the financial results of B-Retail Group for the past three financial years ended 31 December 2009 would have been, if the Group structure had been in place since the beginning of the years being reported thereon;
- (b) the financial position of B-Retail Group as at 31 December 2009 would have been, if the Group structure had been in place on that date; and
- (c) the cash flows of B-Retail Group for the financial year ended 31 December 2009 would have been, if the Group structure had been in place since the beginning of the financial year.

8. FINANCIAL INFORMATION (CONT'D)



**BERJAYA RETAIL BERHAD
REPORTING ACCOUNTANTS' REPORT ON THE PROFORMA CONSOLIDATED
FINANCIAL INFORMATION (CONT'D.)**

The proforma consolidated financial information, because of its nature, may not be reflective of B-Retail Group's actual financial results, financial position and cash flows.

The report is required by and is given for the purpose of complying with requirements of the Prospectus Guidelines issued by the Securities Commission ("Prospectus Guidelines") and for no other purpose.

Responsibilities

It is solely the responsibility of the directors of B-Retail to prepare the proforma consolidated financial information in accordance with requirements of the Prospectus Guidelines.

It is our responsibility to form an opinion, as required by the Prospectus Guidelines as to the proper compilation of the proforma consolidated financial information and to report that opinion to you.

In providing this opinion we are not responsible in updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the proforma consolidated financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with Malaysian Approved Standards on Assurance, International Standards on Assurance Engagement, ISAE 3000 - Assurance Engagements Other Than Audit or Reviews of Historical Information. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the directors and officers of B-Retail.

8. FINANCIAL INFORMATION (CONT'D)



**BERJAYA RETAIL BERHAD
REPORTING ACCOUNTANTS' REPORT ON THE PROFORMA CONSOLIDATED
FINANCIAL INFORMATION (CONT'D.)**

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the proforma consolidated financial information have been properly compiled on the basis stated using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of the B-Retail Group. Our work also involves assessing whether the adjustments made to the information used in the preparation of the proforma consolidated financial information are appropriate for the purposes of preparing the proforma consolidated financial information.

In our opinion:

- (i) the proforma consolidated financial information, which have been prepared by the directors of B-Retail Group, have been properly prepared on the basis stated using financial statements prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the consolidated financial statements and the accounting policies to be adopted by the B-Retail Group; and
- (ii) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information.

Your faithfully

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young
AF: 0039
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Teoh Soo Hock'.

Teoh Soo Hock
No. 2477/10/11(J)
Chartered Accountant

Kuala Lumpur, Malaysia

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

APPENDIX**PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1.0 Introduction**

The proforma consolidated financial information, comprising the proforma consolidated income statements for the latest three financial years (as further elaborated in Section 4.1 below), the proforma consolidated balance sheet as at 31 December 2009, and the proforma consolidated cash flow statement for the financial year ended 31 December 2009 have been prepared for inclusion in the Prospectus of Berjaya Retail Berhad ("B-Retail") in connection with the listing of B-Retail on the Main Market of the Bursa Malaysia Securities Berhad.

2.0 Abbreviations

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

7-Eleven	7-Eleven Malaysia Sdn. Bhd. (120962-P)
7-Eleven Group	7-Eleven and its subsidiaries, namely:- (i) CSSSB; (ii) 7 Properties; and (iii) Teluk Juara.
7 Properties	7 Properties Sdn. Bhd. (299688-K) [formerly known as 7-Connect Sdn. Bhd.]
BCorporation	Berjaya Corporation Berhad (554790-X)
BCorporation Group	BCorporation, its subsidiaries and associated companies
B-Retail ICPS	10-year irredeemable convertible preference share(s) of RM0.50 each in B-Retail
B-Retail Group	B-Retail and its subsidiaries, namely:- (i) 7-Eleven; (ii) CSSSB; (iii) 7 Properties; (iv) Teluk Juara; (v) Singer; and (vi) Biofield.
B-Retail Share(s)	Ordinary share(s) of RM0.50 each in B-Retail

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**2.0 Abbreviations (cont'd.)**

Biofield	Biofield Sdn. Bhd. (230111-X)
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W)
Cosway	Cosway Corporation Berhad (194949-H), an indirect wholly-owned subsidiary of BCorporation
CSSSB	Convenience Shopping (Sabah) Sdn. Bhd. (381437-U)
FPE	Twelve (12)-month financial period ended 31 December for Singer Group
FRS	Financial Reporting Standards in Malaysia, issued by the Malaysian Accounting Standards Board
Proforma FYE 2007	Financial year ended 31 December 2007 for 7-Eleven Group and 30 April 2008 for Singer Group
Proforma FYE 2008	Financial year ended 31 December 2008 for 7-Eleven Group and 30 April 2009 for Singer Group
Proforma FYE 2009	Financial year ended 31 December 2009 for 7-Eleven Group and FPE 2009 for Singer Group
Premier Merchandise	Premier Merchandise Sdn. Bhd. (594215-A), the vendor of 7-Eleven, whereby TSVT is deemed interested in 100% equity interest in Premier Merchandise
Listing Scheme	Listing of and quotation for the entire issued and fully paid-up share capital of B-Retail comprising B-Retail Shares and B-Retail ICPS on the Main Market of Bursa Securities to be undertaken via the following transactions:- (a) Acquisition of Singer from Cosway; (b) Acquisition of 7-Eleven from Premier Merchandise (c) Distribution dividend-in-specie; (d) Offer for sale of B-Retail Securities; and (e) Listing of and quotation for B-Retail Shares and B-Retail ICPS on the Main Market of Bursa Securities
RM and sen	Ringgit Malaysia and sen respectively
Singer	Singer (Malaysia) Sdn. Bhd. (97871-K)
Singer Group	Singer and its subsidiary, Biofield
Teluk Juara	Teluk Juara Sdn. Bhd. (246986-X)
TSVT	Tan Sri Dato' Seri Vincent Tan Chee Yioun, a major shareholder and the Chairman/Chief Executive Officer of BCorporation

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

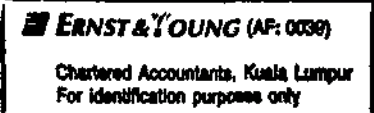
NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)

3.0 Listing Scheme

The Listing Scheme comprises the following transactions:-

- (a) Share Sale Agreement dated 29 September 2009 between B-Retail and Cosway for the acquisition of 235,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Singer from Cosway for a consideration of RM360,000,000 to be satisfied in the following manner:
- i. assumption by B-Retail of a sum of RM45,905,000 due from BCorporation Group to Singer Group;
 - ii. issuance of 475,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 153,190,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each. The salient features of the ICPS are disclosed in Section 2.4.2 of the Prospectus.

The above acquisition of Singer by B-Retail was completed on 14 June 2010.



8. FINANCIAL INFORMATION (CONT'D)

859832-P

BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

3.0 Listing Scheme (cont'd.)

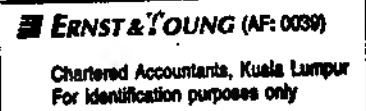
- (b) Share Sale Agreement dated 29 September 2009 between B-Retail and Premier Merchandise for the acquisition of 35,000,000 ordinary shares of RM1.00 each representing 100% equity interest in 7-Eleven from Premier Merchandise for a consideration of RM600,000,000 to be satisfied in the following manner:
- i. assumption by B-Retail of a sum of RM165,379,000 due from Premier Merchandise and its holding companies to 7-Eleven Group;
 - ii. issuance of 60,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 809,242,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each. The salient features of the ICPS are disclosed in Section 2.4.2 of the Prospectus.

The above acquisition of 7-Eleven by B-Retail was completed on 14 June 2010.

- (c) Distribution of dividend-in-specie by BCorporation on the basis of 1 B-Retail Share for every 10 existing BCorporation shares held as at the entitlement date on 30 June 2010.
- (d) Offers for sale of 71,875,000 B-Retail Shares and 5,000,000 B-Retail ICPS to various parties by Cosway at an offer price of RM0.50 per B-Retail Share and RM0.50 per B-Retail ICPS respectively.
- (e) Proposed listing of and quotation of B-Retail Shares and B-Retail ICPS on the Main Market of Bursa Malaysia Securities Berhad.

Singer Group are principally involved in the marketing and direct selling of consumer durables with instalment option schemes.

7-Eleven Group are principally involved in the operation of a chain of convenience stores.



8. FINANCIAL INFORMATION (CONT'D)

859832-P

BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

4.0 Basis of preparation of proforma consolidated financial information

4.1 The proforma consolidated financial information has been prepared to illustrate:

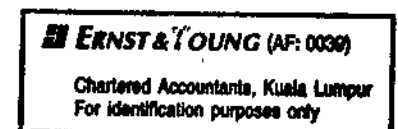
- (a) The proforma consolidated financial information comprising the consolidated income statements as set out below, the proforma consolidated balance sheet as at 31 December 2009 and the proforma consolidated cash flows statement for the year ended 31 December 2009 have been prepared for the inclusion in the Prospectus of B-Retail in connection with the Proposed Listing.

7-Eleven Group and Singer Group have statutory financial year ends of 31 December and 30 April respectively. The proforma consolidated income statements for financial years 2007, 2008 and 2009 are set out as follows:

Proforma Consolidated Income Statements:

Proforma FYE 2007	7-Eleven Group's results for FYE 31 December 2007 and Singer Group's results for FYE 30 April 2008
Proforma FYE 2008	7-Eleven Group's results for FYE 31 December 2008 and Singer Group's results for FYE 30 April 2009
Proforma FYE 2009	7-Eleven Group's results for FYE 31 December 2009 and Singer Group's results for FPE 31 December 2009

- (b) the financial position of the Group as at 31 December 2009 would have been if the proforma Group structure had been in place on that date, adjusted for the acquisitions of 7-Eleven Group and Singer Group, proposed distribution of dividend-in-specie by BCorporation of B-Retail Shares, proposed offer for sale of B-Retail Shares and ICPS, the estimated listing expenses and the conversion of B-Retail ICPS under the maximum dividend scenario; and



8. FINANCIAL INFORMATION (CONT'D)

859832-P

BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

4.0 Basis of preparation of proforma consolidated financial information (cont'd.)

4.1 The proforma consolidated financial information has been prepared to illustrate:
(cont'd.)

- (c) the cash flows of the Group for the FYE 31 December 2009 would have been if the Group structure had been in existence throughout the FYE 31 December 2009, adjusted for the acquisitions of 7-Eleven Group and Singer Group, proposed distribution of dividend-in-specie by BCorporation of B-Retail Shares, proposed offer for sale of B-Retail Shares and ICPS, the estimated listing expenses and the conversion of B-Retail ICPS under the maximum dividend scenario.

The acquisitions of 7-Eleven Group and Singer Group have met the criteria of business combinations involving entities under common controls and accordingly merger accounting principles have been applied.

4.2 The proforma financial information have been prepared for illustrative purposes, based on the individual audited financial statements of B-Retail and its subsidiaries for the past three financial years ended 31 December 2009 using the bases and accounting principles consistent with those to be adopted by B-Retail Group, after giving effect to the proforma adjustments which are considered appropriate.

The audited financial statements of B-Retail and its subsidiaries for the past three financial years have been prepared in accordance with the Financial Reporting Standards in Malaysia.

The auditors' reports on the financial statements were not subject to any qualifications or modifications for all the financial years under review, other than the financial statements for Singer for FPE 31 December 2009. These financial statements were qualified for non-preparation of consolidated financial statements, which is not in accordance with the requirements of FRS 127: Consolidated and Separate Financial Statements.

The financial statements for the FPE 31 December 2009 of Singer have been prepared to be used solely for the preparation of the Accountants' Report to be included in the prospectus in relation to the Proposed Listing. Consequently, the directors of Singer and B-Retail are of the opinion that the preparation of consolidated financial statements would not be of value for the aforesaid purpose.



8. FINANCIAL INFORMATION (CONT'D)


859832-P

BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)**5.0 Proforma consolidated income statements of B-Retail Group**

The proforma consolidated income statements for the past three financial years ended 31 December 2009, which have been prepared for illustrative purposes to show the aggregate results of B-Retail Group, are based on the Group's accounting policies set out in Section 8.0 and are prepared on the assumption that the current structure of B-Retail Group existed throughout the financial years under review.

	Proforma FYE 2007 RM'000	Proforma FYE 2008 RM'000	Proforma FYE 2009 RM'000
Revenue	1,260,577	1,461,763	1,542,183
Cost of sales	(874,756)	(1,009,328)	(1,051,706)
Gross profit	385,821	452,435	490,477
Other income	84,779	85,972	91,603
Selling and distribution expenses	(310,876)	(360,774)	(392,085)
Administrative and other operating expenses	(106,234)	(110,029)	(119,309)
Profit from operations	53,490	67,604	70,686
Finance costs	(22,654)	(22,768)	(23,627)
Profit before tax	30,836	44,836	47,059
Income tax expense	(1,093)	(3,177)	(12,601)
Profit for the year	29,743	41,659	34,458

The proforma consolidated income statements of B-Retail Group have been prepared after adjusting/restating other income, selling and distribution expenses, administrative and other operating expenses and under/(over) provision of income tax and deferred tax in respect of prior years as further disclosed in Notes 5(a) to 5(d) below. The adjustments/restatements were made to enable comparability of the proforma consolidated results presented. The effects of the adjustments/restatements on the proforma consolidated income statements are disclosed in Note 5(e).

 ERNST & YOUNG (AF: 0039) Chartered Accountants, Kuala Lumpur For identification purposes only
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8. FINANCIAL INFORMATION (CONT'D)

859832-P

BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

5.0 Proforma consolidated income statements of B-Retail Group (cont'd.)

(a) Restatement of selling and distribution expenses

The income statement for the FYE 31 December 2007 have been restated for the presentation of selling and distribution expenses incurred by 7-Eleven Group as further disclosed in Note 5(e).

(b) Restatement of administrative and other operating expenses

The income statements for the FYE 31 December 2007 and 2008 have been restated for the presentation of administrative and other operating expenses incurred by 7-Eleven Group as further disclosed in Note 5(e).

(c) Restatement of income tax and deferred tax

Under/(over) provisions of income tax and deferred tax in respect of prior years by 7-Eleven Group for the financial years under review have been restated to the financial years where the under/(over) provisions related to as further disclosed in Note 5(e).

(d) Adjustment on interest income

In accordance with the Listing Scheme, B-Retail will assume a sum of RM165,379,000 due from Premier Merchandise and its holding companies to 7-Eleven Group. Pursuant to the assumption by B-Retail, the interest income earned by the 7-Eleven Group of RM313,000, RM4,610,000 and RM12,998,000 in FYEs 31 December 2007, 2008 and 2009 respectively, will be eliminated at B-Retail proforma consolidated financial statements as further disclosed in Note 5(e).

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8. FINANCIAL INFORMATION (CONT'D)

859832-P

BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)**5.0 Proforma consolidated income statements of B-Retail Group (cont'd.)****(e) Adjustment/Restatement effects on proforma consolidated income statements**

The presentation of other income, selling and distribution expenses, administrative and other operating expenses and income tax expense of 7-Eleven Group have resulted in the following adjustments/restatements for FYE 31 December 2007, 2008 and 2009:

	Proforma income statements before adjustment/ restate- ment RM'000	Adjustment/ re- statement RM'000	Note	Proforma income statements after adjustment/ restate- ment RM'000
FYE 31 December 2007				
Other income	85,092	(313)	5(d)	84,779
Selling and distribution expenses	(292,211)	(18,665)	5(a)	(310,876)
Administrative and other operating expenses	(124,385)	18,151	5(b)	(106,234)
Income tax credit/(expense)	1,518	(2,611)	5(c)	(1,093)
FYE 31 December 2008				
Other income	90,582	(4,610)	5(d)	85,972
Administrative and other operating expenses	(110,546)	517	5(b)	(110,029)
Income tax expense	(6,066)	2,889	5(c)	(3,177)
FYE 31 December 2009				
Other income	104,601	(12,998)	5(d)	91,603
Income tax expense	(11,950)	(651)	5(c)	(12,601)

ERNST & YOUNG (AF: 0036)Chartered Accountants, Kuala Lumpur
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8. FINANCIAL INFORMATION (CONT'D)

859832-P

BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

6.0 Proforma consolidated balance sheets of Berjaya Retail Group (cont'd.)

	← Minimum dividend scenarios →		Maximum dividend scenarios →	
	B-Retail Group Proforma I	B-Retail Group Proforma II	B-Retail Group Proforma III	B-Retail Group Proforma IV
	Adjustment for acquisition of Singer Group	Adjustment for acquisition of 7-Eleven Group	Adjustment for estimated listing expenses	Adjustment for conversion of ICPS
	RM'000	RM'000	RM'000	RM'000
At 31 December 2009	8,736	46,146	54,882	41,196
Adjustment for acquisition of Singer Group	8,736	46,146	54,882	41,196
Adjustment for acquisition of 7-Eleven Group	-	7,673	7,673	7,673
Adjustment for estimated listing expenses	-	13,709	91,267	91,267
Adjustment for conversion of ICPS	-	12,466	13,537	(1,679)
	1,071	12,466	13,537	(1,679)
	87,365	167,359	167,359	151,994
	87,365	167,359	167,359	151,994

Non-current liabilities
10-year irredeemable convertible preference share
Provisions
Borrowings
Deferred tax liabilities

J ERNST & YOUNG (AF-0039)

Chartered Accountants, Kuala Lumpur
For identification purpose only

8. FINANCIAL INFORMATION (CONT'D)

859832-P

BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

6.0 Proforma consolidated balance sheets of Berjaya Retail Group (cont'd.)

	← Minimum dividend scenarios		Maximum dividend scenarios →	
	B-Retail Group Proforma I	B-Retail Group Proforma II	B-Retail Group Proforma III	B-Retail Group Proforma IV
	Adjustment for acquisition of Singer Group	Adjustment for acquisition of 7-Eleven Group	Adjustment for estimated listing expenses	Adjustment for conversion of ICPS
At 31 December 2009	RM'000	RM'000	RM'000	RM'000
Current liabilities				
Provisions	-	454	454	454
Borrowings	-	128,392	257,204	257,204
Trade payables	-	22,907	241,724	241,724
Other payables	2,327	68,285	109,418	110,653
Taxation	-	347	347	347
Total liabilities	2,327	221,911	609,147	610,382
	2,327	309,276	777,741	762,376
Total equity and liabilities	#	496,389	814,508	814,508



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8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

6.0 Proforma consolidated balance sheets of Berjaya Retail Group (cont'd.)

	←	Minimum dividend scenarios	→	Maximum dividend scenarios	→
	B-Retail Group Proforma I	B-Retail Group Proforma II	B-Retail Group Proforma III	B-Retail Group Proforma IV	
	Adjustment for acquisition of Singer Group	Adjustment for acquisition of 7-Eleven Group	Adjustment for estimated listing expenses	Adjustment for conversion of ICPS	After Proforma III and conversion of ICPS
31 December 2009	RM'000	RM'000	RM'000	RM'000	RM'000
(582)	0.31	0.02	0.02	0.03	0.03

Net tangible (liabilities)/assets (attributable to equity holders) per share (including mandatorily convertible ICPS)
- RM

Representing RM/2

Note: The Listing Scheme involving stages as disclosed in Notes 3(c), 3(d) and 3(e) have no financial effects on B-Retail Group.

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8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

6.1 Notes to the proforma consolidated balance sheets

The proforma consolidated balance sheets have been prepared for illustrative purposes, based on the balance sheet of Berjaya Retail Berhad as at 31 December 2009 to show the effects of the following proposals as if the proposals have been completed on 31 December 2009.

As at 31 December 2009, B-Retail has authorised share capital of RM5,000,000,000 divided into 6,000,000,000 ordinary shares of RM0.50 each and 4,000,000,000 B-Retail ICPS of RM0.50 each; and its issued and paid-up share capital consist of 4 ordinary shares of RM0.50 each.

The minimum dividend scenario is reflected in Proformas I, II and III while the maximum dividend scenario is reflected in Proformas I, II, III and IV.

Proforma I

B-Retail acquires 235,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Singer Group from Cosway for a sale consideration of RM360,000,000 to be satisfied in the following manner:

- (i) assumption by B-Retail of a sum of RM45,905,000 due from BCorporation Group to Singer Group;
- (ii) issuance of 475,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
- (iii) issuance of 153,190,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.

The acquisition of Singer Group meets the criteria of business combination involving entity under common control and accordingly merger accounting principles have been applied.

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8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

6.1 Notes to the proforma consolidated balance sheets (cont'd.)

Proforma II incorporates Proforma I and the acquisition of 7-Eleven Group by B-Retail for a total consideration of RM600,000,000.

B-Retail acquires 35,000,000 ordinary shares of RM1.00 each representing 100% equity interest in 7-Eleven from Premier Merchandise for a consideration of RM600,000,000 to be satisfied in the following manner:-

- (i) assumption by B-Retail of a sum of RM165,379,000 (including estimated interest up to 30 November 2009) due from Premier Merchandise and its holding companies to 7-Eleven Group;
- (ii) issuance of 60,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
- (iii) issuance of 809,242,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.

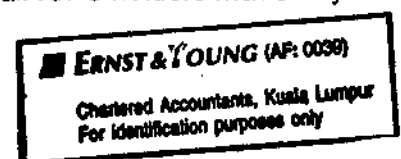
The acquisition of 7-Eleven Group meets the criteria of business combination involving entity under common control and accordingly merger accounting principles have been applied.

Proforma III

Proforma III incorporates Proforma II and adjustment for the estimated listing expenses incurred or to be incurred for the purpose of the listing of B-Retail on the Main Market of Bursa Securities.

Proforma IV

Proforma IV incorporates Proforma III and the effects of the maximum conversion of 240,000,000 B-Retail ICPS of RM0.50 each to 240,000,000 B-Retail Shares of RM0.50 each upon listing. The maximum dividend scenario assumes the conversion necessary to be made by TSVT to ensure he continues to hold more than 50% equity interest of the ordinary paid-up share capital in B-Retail and no other B-Retail ICPS holders made any conversion to B-Retail Share upon listing.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)**7.0 Proforma consolidated cash flows statement**

The proforma consolidated cash flows statement of B-Retail Group for the financial year ended 31 December 2009, which has been prepared for illustrative purposes only, are based on the assumption that the current structure of B-Retail Group existed throughout the financial year under review.

	B-Retail Group
	Prior to and upon listing Proforma FYE 2009 RM'000
Cash flows from operating activities	
Cash receipts from customers and other receivables	1,588,852
Cash paid to suppliers and employees	(1,519,312)
Cash generated from operations	<u>69,540</u>
Tax refund	1,975
Tax paid	(13,333)
Net cash generated from operating activities	<u>58,182</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(26,583)
Proceeds from disposal of property, plant and equipment	54
Proceeds from disposal of short term investments	523
Movement in intercompany balances	320
Interest received	291
Net cash used in investing activities	<u>(25,395)</u>

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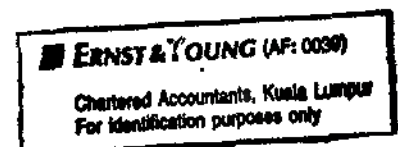
8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)**7.0 Proforma consolidated cash flows statement (cont'd.)**

	B-Retail Group
	Prior to and upon listing Proforma FYE 2009 RM'000
Cash flows from financing activities	
Drawdown of borrowings	466,715
Repayment of borrowings	(474,918)
Interest paid	(23,033)
Repayment of hire purchase and finance lease liabilities	<u>(9,837)</u>
Net cash used in financing activities	<u>(41,073)</u>
Net decrease in cash and cash equivalents	(8,286)
Cash and cash equivalents at 1 January 2009	23,557
Cash and cash equivalents at 31 December 2009 (Note (i))	<u>15,271</u>
Note (i)	
Cash and bank balances	21,833
Bank overdrafts	<u>(6,562)</u>
	<u>15,271</u>

The listing transactions have no cash flow effects upon listing on the B-Retail Group cash flows statement.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies

The following accounting policies are to be adopted by the B-Retail Group and are consistently applied throughout the years under review by 7-Eleven Group and Singer Group.

8.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

8.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for transactions and events of similar circumstances.

Subsidiaries are consolidated using the purchase method of accounting except for the business combinations with Singer Group and 7-Eleven Group which are accounted for under the merger method as the business combinations involved entities under common control.

The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets acquired, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies

8.2 Basis of consolidation (cont'd.)

When the merger method is used, the cost of investment in the Company's book is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares acquired is treated as merger reserve or merger deficit. The results of the companies being merged are included as if the merger had been effected throughout the current and previous years.

8.3 Investments in subsidiaries

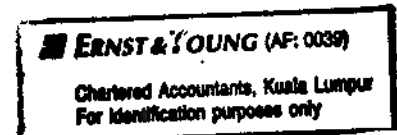
Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

8.4 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.4 Intangible assets (cont'd.)

(b) Computer software

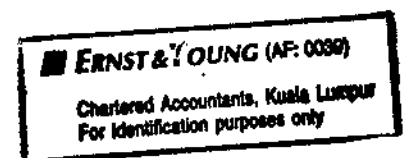
Computer software acquired separately are measured on initial recognition at cost. Following initial recognition, computer software are carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software are amortised on a straight-line basis over its estimated economic useful lives between 4 to 10 years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period for a computer software is reviewed at least at each balance sheet date.

8.5 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis calculated to write-off the cost of each asset to its residual value over its estimated useful life.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)**8.0 Summary of significant accounting policies (cont'd.)****8.5 Property, plant and equipment and depreciation (cont'd.)**

The principal annual rates of depreciation are:

Buildings	Over 50 years or the duration of the lease, whichever is shorter
Equipment	15% - 20%
Computer equipment	15% - 20%
Motor vehicles	20%
Furniture and fittings and renovation	10% - 33.3% or the duration of the lease, whichever is shorter

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

8.6 Investment properties

Investment property is land or buildings held by the Group or held under a finance lease, to earn rental income or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment property is provided for on a straight line basis to write off the cost to its residual value over its estimated useful life at the following periods:

Buildings	Over 50 years or the duration of the lease, whichever is shorter
-----------	--

Upon the disposal of an item of investment property, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 8.7.

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.7 Impairment of non-financial assets

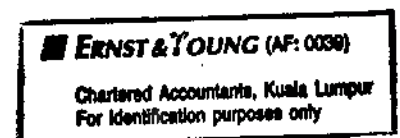
The carrying amounts of assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.7 Impairment of non-financial assets (cont'd.)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement.

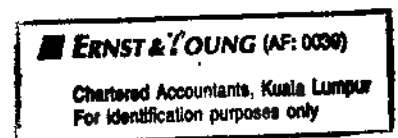
8.8 Inventories

Inventories comprise trading goods and consumables and are stated at the lower of cost (determined on the first-in first-out basis) and net realisable value. Cost comprise the invoiced value of the inventories and incidental expenses. Net realisable value represents the estimated selling price less estimated costs necessary to make the sale.

8.9 Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividend, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.9 Financial instruments (cont'd.)

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and deposits at call which have an insignificant risk of changes in value.

(b) Non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 8.7.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(c) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amount as at the balance sheet date.

(d) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(e) Interest bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.9 Financial instruments (cont'd.)

(f) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(g) Cumulative Redeemable Preference Shares ("CRPS")

The CRPS are recorded at the amount of proceeds received, net of transaction costs.

The CRPS are classified as equity in the balance sheet and the preferential dividends are recognised as dividend in the statement of changes in equity in the period in which they are appropriated in accordance with the transitional provision under FRS 132 Financial Instruments: Disclosure and Presentation, which exempts the component classification of compound instruments into liability and equity element for financial instruments issued prior to 1 January 2003.

(h) Irredeemable Convertible Preference Shares ("ICPS")

The ICPS are classified in accordance with provision under FRS 132 Financial Instruments: Disclosure and Presentation, whereby requires the classification of compound instruments into liability and equity portion.

8.10 Lease

A lease is recognised as a finance lease if it transfers substantially to the Group or the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Land held for own use under an operating lease, the cost of which cannot be measured separately from the cost of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)**8.0 Summary of significant accounting policies (cont'd.)****8.10 Lease (cont'd.)****Finance leases - the Group as lessee**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

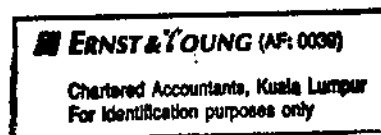
Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 8.5.

Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)**8.0 Summary of significant accounting policies (cont'd.)****8.10 Lease (cont'd.)****Operating leases - the Group as lessor**

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 8.5.

Lease of land and building

The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building, are allocated between land and building elements in proportion to the relative fair values of the leasehold interest in the land element and the building element at the inception of the lease.

The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight-line basis, at the following annual rate:

Leasehold land	Based on lease periods range from 30 to 999 years
----------------	--

For leases of land and building in which the amount that would initially be recognised for land element is immaterial, the land and building is treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

8.11 Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)**8.0 Summary of significant accounting policies (cont'd.)****8.12 Income tax**

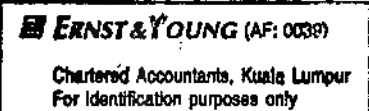
Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

8.13 Provisions

Provisions for liabilities are recognised when the Group or the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.14 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

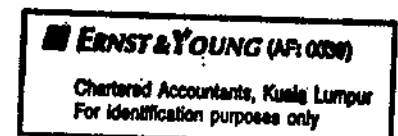
(b) Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(c) Defined benefit plan

The Group operates a funded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's net obligation in respect of the Scheme are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds. The calculation is performed by an actuary using the projected unit credit method.

Past service cost is recognised in the income statement to the extent that the benefits are already vested. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.14 Employee benefits (cont'd.)

(c) Defined benefit plan (cont'd.)

In calculating the Group's obligation in respect of the Scheme, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of the Scheme, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

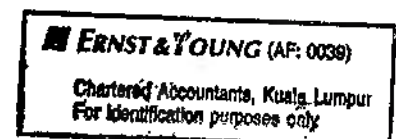
8.15 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items denominated in foreign currencies are translated at the rates prevailing on the date when the value was determined. All exchange gains or losses are taken to the income statement.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.16 Revenue recognition

Revenue is recognised to the extent that the probable economic benefits will flow to the Group and the amount of revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(a) Sale of goods

Revenue is recognised when significant risks of the general merchandise have been passed to the customers. Revenue relating to sale of general merchandise is recognised net of discounts and returns.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Carrying charges income from hire purchase sales and equal payment schemes

Carrying charges from hire purchase sales and equal payment schemes are recognised as income over the period of instalment payments calculated on a constant proportion of the balance of capital repayments outstanding.

(c) Commission income

Commission earned from services is recognised when the services are performed.

(d) Rental income

Income from the rental of property is recognised on an accrual basis in accordance with the terms of the agreements.

(e) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.16 Revenue recognition (cont'd.)

(f) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

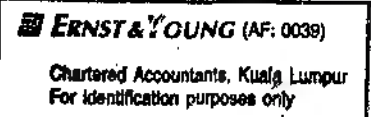
(g) Franchise income

(i) Franchise fee - operation of 7-Eleven convenience stores

Revenue from franchised convenience stores under the "7-Eleven" trademark operated by franchisees include rent, royalties based on a percentage of gross sales and initial fees. Continuing rent and royalties are recognised in the period earned. Initial fees are recognised upon granting of a new franchise term, which is when 7-Eleven has performed substantially all initial services required by the franchise arrangement.

(ii) Franchise income - operation of Singer stores

The portion of franchise fee which is non-refundable and payable upon signing of franchise agreement is recognised upon signing. The remaining portion of the franchise fee income is recognised progressively over the period of the franchise term in accordance with the terms of the franchise agreement.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.17 Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and

FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations

Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendment to FRS 8: Operating Segments

Amendment to FRS 107: Statement of Cash Flows

Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

Amendment to FRS 110: Events after the Reporting Period

Amendment to FRS 116: Property, Plant and Equipment

Amendment to FRS 117: Leases

Amendment to FRS 118: Revenue

Amendment to FRS 119: Employee Benefits

Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 123: Borrowing Costs

Amendment to FRS 127: Consolidated and Separate Financial Statements

Amendment to FRS 128: Investments in Associates

Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.17 Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2010 (cont'd.)

Amendment to FRS 131: Interests in Joint Ventures
Amendments to FRS 132: Financial Instruments: Presentation
Amendment to FRS 134: Interim Financial Reporting
Amendment to FRS 136: Impairment of Assets
Amendment to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and Measurement,
FRS 7: Financial Instruments: Disclosures and IC Interpretation 9:
Reassessment of Embedded Derivatives
Amendment to FRS 140: Investment Property
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum
Funding Requirements and their Interaction
TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards (revised)
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued
Operations
Amendments to FRS 138: Intangible Assets
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 15: Agreements for the Construction of Real Estate
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)**8.17 Standards and Interpretations issued but not yet effective (cont'd.)****FRS 3: *Business Combinations (revised)* and FRS 127: *Consolidated and Separate Financial Statements (amended)***

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

FRS 8: *Operating Segment*

FRS 8 replaces FRS 114₂₀₀₄: *Segment Reporting* and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of the Group.

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8. FINANCIAL INFORMATION (CONT'D)

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(Incorporated in Malaysia)**8.0 Summary of significant accounting policies (cont'd.)****8.17 Standards and Interpretations issued but not yet effective (cont'd.)****FRS 101: *Presentation of Financial Statements (revised)***

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

FRS 123: *Borrowing Costs*

This Standard supersedes FRS 123₂₀₀₄: *Borrowing costs* that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. The Group's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, the Group will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures* and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures*

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

8. FINANCIAL INFORMATION (CONT'D)

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(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.17 Standards and Interpretations issued but not yet effective (cont'd.)

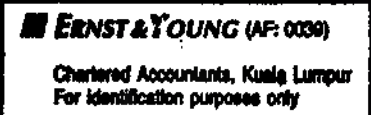
FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures* and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures* (cont'd.)

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, the Group and the Company are exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSs 'Improvements to FRSs (2009)'

- (i) **FRS 117: *Leases***: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
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8.0 Summary of significant accounting policies (cont'd.)

8.18 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

(i) Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production of supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Provision for doubtful debts

Provision for doubtful debts consists of amount provided for hire purchase and equal payment debtors. Management reviews all delinquent hire purchase and equal payment receivables aged above 3 months and where these receivable accounts are in doubt of collection, a provision for doubtful debts is made for the specific hire purchase and equal payment debtor. The assessment to make a provision for doubtful debt of each delinquent hire purchase and equal payment debtor is based on management's past experience with the collectibility of balances from that category of debtors.

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8. FINANCIAL INFORMATION (CONT'D)

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8.0 Summary of significant accounting policies (cont'd.)

8.18 Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of property and equipment

Property and equipment are depreciated or amortised on a straight-line basis over their useful lives based on management's estimates of the period over which the assets will generate revenue (not to exceed lease term plus options for leased property). The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. The Group periodically reviews these lives relative to physical factors, economic factors and industry trends. If there are changes in the planned use of property and equipment, or if technological changes occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortisation expense or write-offs in future periods.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

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8. FINANCIAL INFORMATION (CONT'D)

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(Incorporated in Malaysia)

8.0 Summary of significant accounting policies (cont'd.)

8.18 Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(iii) Allowance for doubtful debts

The Group makes an allowance for doubtful receivables based on the assessment of recoverability of receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of the irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables.

(iv) Provision for restoration costs

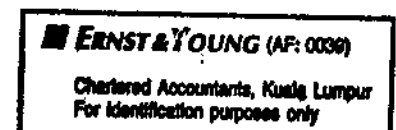
The Group leases convenience stores under operating leases. The Group provides for an estimate of restoration costs expense at the lease inception date for operating leases with requirements to remove leasehold improvements at the end of the lease term.

Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs. Future actual costs could differ significantly from amounts initially estimated.

(v) Provision for incentives and rebates

The Group receives incentives and rebates from suppliers for various programs, primarily volume incentives, display and promotional incentives, prompt payment discounts and warehouse allowances.

Certain provision for incentives and rebates recognised in the income statements were estimated based on terms and rates in trade agreements entered into with suppliers. Actual amounts received from suppliers could differ from the amounts initially estimated.



8. FINANCIAL INFORMATION (CONT'D)

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BERJAYA RETAIL BERHAD
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8.0 Summary of significant accounting policies (cont'd.)

8.18 Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(vi) Provision for inventory losses

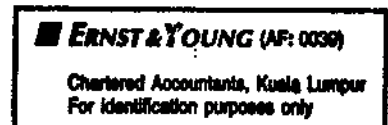
Provision for inventory losses is estimated based on the best available facts and circumstances. The provision is re-evaluated and adjusted as additional information received affects the amount estimated.

(vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(viii) Provision for income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax impact is uncertain during the ordinary course of business. The Group recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of such matters is different from the amounts that were initially recognised, the difference will be taken into the income statement in the period in which such determination is made.



8. FINANCIAL INFORMATION (CONT'D)

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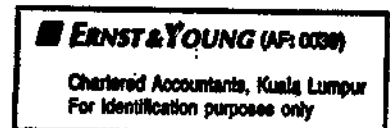
8.0 Summary of significant accounting policies (cont'd.)

8.18 Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(ix) Litigation accruals

From time to time, the Group is subject to proceedings, lawsuits and other claims, related but not limited to, suppliers. The Company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in approach such as change in settlement strategy in dealing with these matters. The Group does not believe that any such matter currently being reviewed will have a material adverse effect on its financial condition or results of operations.



8. FINANCIAL INFORMATION (CONT'D)**8.2 Management's Discussion And Analysis Of Financial Condition, Results Of Operations And Prospects****8.2.1 Our Group****i) Segmental Analysis**Revenue

	Proforma FYE 2007 (RM'000)	Proforma FYE 2008 (RM'000)	Proforma FYE 2009 (RM'000)
<u>By Division/Products</u>			
Operation of a chain of convenience stores	926,034	1,106,031	1,185,715
Marketing and direct selling of consumer durables with instalment option schemes	334,076	355,227	355,995
Insurance commission	307	327	311
Rental income	160	178	162
Total revenue	1,260,577	1,461,763	1,542,183
<u>By Company</u>			
B-Retail	-	-	-
7-Eleven	908,257	1,084,571	1,162,353
CSSSB	17,777	21,460	23,362
7 Properties ^(a)	160	178	162
Teluk Juara	-	-	-
Singer	334,076	355,227	355,995
Biofield	307	327	311
Total revenue	1,260,577	1,461,763	1,542,183

Note:-

^(a) Revenue net of elimination of rental income receivable from its holding company, 7-Eleven.

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8. FINANCIAL INFORMATION (CONT'D)Gross Profit

	Proforma FYE 2007 (RM'000)	Proforma FYE 2008 (RM'000)	Proforma FYE 2009 (RM'000)
<u>By Division/Products</u>			
Operation of a chain of convenience stores	231,692	284,819	321,525
Marketing and direct selling of consumer durables with instalment option schemes	153,662	167,111	168,479
Insurance commission	307	327	311
Rental income	160	178	162
Total gross profit	385,821	452,435	490,477
<u>By Company</u>			
B-Retail	-	-	-
7-Eleven	227,153	279,035	314,271
CSSSB	4,539	5,784	7,254
7 Properties ^(a)	160	178	162
Teluk Juara	-	-	-
Singer	153,662	167,111	168,479
Biofield	307	327	311
Total gross profit	385,821	452,435	490,477

Note:-

^(a) Revenue net of elimination of rental income receivable from its holding company, 7-Eleven.

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8. FINANCIAL INFORMATION (CONT'D)Profit before taxation

	Proforma FYE 2007 (RM'000)	Proforma FYE 2008 (RM'000)	Proforma FYE 2009 (RM'000)
<u>By Division/Products</u>			
Operation of a chain of convenience stores	11,264	18,638	25,021
Marketing and direct selling of consumer durables with instalment option schemes	16,096	21,897	23,226
Insurance commission	287	307	257
Other – Interest income	3,090	4,683	1,083
Rental income	99	(687)	(173)
Warehousing and distribution of merchandise	-	(2)	(28)
Investment holding	-	-	(2,327)
Total profit before taxation	30,836	44,836	47,059
<u>By Company</u>			
B-Retail	-	-	(2,327)
7-Eleven ^(b)	10,128	17,392	22,878
CSSSB	1,136	1,246	2,143
7 Properties ^(a)	99	(687)	(173)
Teluk Juara	-	(2)	(28)
Singer	16,096	21,897	23,226
Biofield	3,377	4,990	1,340
Total profit before taxation	30,836	44,836	47,059

Notes:-

^(a) Profit before taxation net of elimination of rental income receivable from its holding company, 7-Eleven.

^(b) Profit before taxation is net of elimination of interest income deemed receivable from B-Retail in the preparation of the Proforma Consolidated financial information.

Our Group's operations and target markets are principally in Malaysia.

In view of our business divisions, detailed analysis of our Group's financial condition, changes in financial condition and results of operations for 7-Eleven Group and Singer Group, are further elaborated in Sections 8.2.2 and 8.2.3 of this Prospectus, respectively.

ii) Liquidity And Capital ResourcesLiquidity And Working Capital

Our Directors are of the opinion that, after taking into account of our Group's current cash flow position, the banking facilities available, our Group's capacity to obtain further institutional financing, and the net cash envisaged to be generated from our Group's operations, our Group will have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.

Although the Listing does not involve any raising of cash proceeds for our Group, moving forward, after taking into account the above, our Group will be able to finance our working capital and expansion requirements via internally generated funds and/or bank borrowings, if necessary.

Please refer to Sections 8.2.2 (iv) and 8.2.3 (iv) of this Prospectus for the cash flow summary and commentaries for the 7-Eleven Group and Singer Group, respectively.

8. FINANCIAL INFORMATION (CONT'D)Cash Flows

Our Group's net cash flow summary for the Proforma FYE 2009 is set out below:-

	Proforma FYE 2009 (RM'000)
Net cash generated from operating activities	58,182
Net cash used in investing activities	(25,395)
Net cash used in financing activities	(41,073)
Net decrease in cash and cash equivalents	<u>(8,286)</u>
Cash and cash equivalents at the beginning of the proforma financial year	23,557
Cash and cash equivalents at the end of the proforma financial year	<u>15,271</u>

Elaboration on our Group's material sources of cash flows from operating, investing and financing activities are discussed in Sections 8.2.2 and 8.2.3 of this Prospectus.

The above net cash flow summary does not take into account the cash settlement of any amount due in excess of RM165,379,000 by Premier Merchandise Sdn Bhd and its holding companies on completion of the Acquisition of 7-Eleven.

Borrowings

As at 31 December 2009, after taking into account the Listing Scheme, our Group's total short term and long term borrowings amounted to approximately RM91.3 million and RM257.2 million respectively. All our Group's outstanding borrowings are interest-bearing liabilities and are denominated in RM.

Based on our Group's proforma shareholders' fund as at 31 December 2009, after taking into account the Acquisition of 7-Eleven and Singer, our Group's gearing ratio as at 31 December 2009 was 9.2 times.

There has been no default on payments of interests and principal sums in respect of any borrowing throughout the Proforma FYE 2009 and up to the LPD. Further, our Group is in compliance with all terms, conditions and covenants associated with credit arrangements and bank loans with our creditors and bankers.

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8. FINANCIAL INFORMATION (CONT'D)Capitalisation And Indebtedness

	As At 31.12.2009 ⁽¹⁾ (RM'000)	Minimum Dividend Scenario Adjusted ⁽²⁾ (RM'000)	Maximum Dividend Scenario Adjusted ⁽²⁾ (RM'000)
Cash and cash equivalents	15,271	15,271	15,271
Indebtedness			
<u>Short term borrowings</u>⁽³⁾			
- Bankers acceptance (secured)	44,892	44,892	44,892
- Bankers acceptance (unsecured)	51,260	51,260	51,260
- Revolving credit (secured)	75,000	75,000	75,000
- Revolving credit (unsecured)	38,534	38,534	38,534
- Syndicated revolving credit (unsecured)	25,000	25,000	25,000
- Advances under block discounting arrangements (secured)	6,747	6,747	6,747
- Bank overdraft (unsecured)	6,562	6,562	6,562
- Finance leases (secured)	8,042	8,042	8,042
- Term loans (secured)	1,167	1,167	1,167
Total short term borrowings	257,204	257,204	257,204
<u>Long term borrowings</u>⁽³⁾			
- Term loans (secured)	4,670	4,670	4,670
- Syndicated revolving credit (unsecured)	70,000	70,000	70,000
- Advances under block discounting arrangements (secured)	7,224	7,224	7,224
- Finance leases (secured)	9,373	9,373	9,373
Total long term borrowings	91,267	91,267	91,267
Total indebtedness	348,471	348,471	348,471
Total proforma shareholders' equity	38,002	36,767	52,132

Notes:-

- (1) Incorporates the effect of the Acquisition of 7-Eleven and Singer
(2) Incorporates the effects of the Listing Scheme
(3) Interest-bearing debts

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8. FINANCIAL INFORMATION (CONT'D)**8.2.2 7-Eleven Group****i) Financial Results**

	←-----12 Months----->		
	FYE 2007 (RM'000)	FYE 2008 (RM'000)	FYE 2009 (RM'000)
Revenue	926,194	1,106,209	1,185,877
Cost of sales	(694,342)	(821,212)	(864,190)
Gross profit	231,852	284,997	321,687
Other operating income	68,097	72,911	89,838
Selling and distribution expenses	(241,778)	(284,732)	(317,127)
Administrative and other operating expenses	(45,016)	(47,617)	(49,457)
Profit from operations	13,155	25,559	44,941
Finance costs	(1,480)	(3,000)	(7,123)
Profit before taxation	11,675	22,559	37,818
Income tax expense	(5,099)	(8,166)	(12,339)
Profit after taxation	6,576	14,393	25,479
EBITDA	38,492	56,471	77,212

ii) Analysis Of Results Of OperationsRevenue

	←-----12 Months----->		
	FYE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000
Revenue from operations of convenience stores	926,034	1,106,031	1,185,715
Rental income	160	178	162
Total revenue	926,194	1,106,209	1,185,877
Number of stores	877	1,013	1,103
Average day sales per store (RM)	2,958	3,175	3,089
Average customer count per day	551	599	610
Average merchandise transaction size (RM)	5.37	5.27	5.04

In FYE 2008, 7-Eleven recorded revenue growth of 19% as compared to FYE 2007. In FYE 2009, revenue increased by approximately 7% compared to FYE 2008.

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8. FINANCIAL INFORMATION (CONT'D)

The revenue was RM926 million for FYE 2007, RM1.106 billion for FYE 2008 and RM1.186 billion for FYE 2009. The increase in revenue was mainly attributable to the following:

- Store growth

7-Eleven Group embarked on an aggressive store growth since 2003 to 2007 with an increase of 623 convenience stores to 877 convenience stores as at 31 December 2007. In 2008, 7-Eleven Group increased its convenience stores to 1,013 stores and there was a net increase of 90 convenience stores, adding up to a total of 1,103 convenience stores in 2009. Nevertheless, for the past 3 FYE 2009, due to changes in customer demography, a total of 20 convenience stores were closed down and had been relocated to better locations.

- Average day sales per store

Average day sales per store is on an upward trend of 7.1% and 7.3% year-on-year increase in FYE 2007 and 2008, respectively. In FYE 2009, there was a slight decline of approximately 2.7% in average day sales per store as compared to FYE 2008.

- Average customer count per day

There was an increase of customer count of 8.7% from 551 customers per day in FYE 2007 to 599 customers per day in FYE 2008. The average customer count per day increased by 1.8% to about 610 customers in FYE 2009.

- Average merchandise transaction size

The average merchandise transaction size was 1.9% lower, from RM5.37 per transaction per customer in FYE 2007 to RM5.27 in FYE 2008. This decreased further to RM5.04 per transaction per customer in FYE 2009.

Cost Of Sales

The increase in cost of sales in FYE 2008 and FYE 2009 by 18% and 5% respectively is in tandem with the revenue growth.

Gross Profit

The gross profit margin in FYE 2007, 2008 and 2009 were 25.0%, 25.8% and 27.1 % respectively.

In FYE 2008, 7-Eleven Group rationalised the number of SKUs to improve gross profit margin and give more space for fast selling items. The rationalisation of the SKUs refers to an initiative term used in 7-Eleven which is also known as "Retailer Initiative". The first phase of the initiative is to narrow down the number of SKUs by indentifying slow moving and low profit margin SKUs and then terminating them subsequently. The shelf space left by these terminated SKU will be filled by fast moving items in existing SKUs and introduction on new SKU with higher profit margins. The result of this rationalisation exercise can be seen in the improvement in both gross profit and gross profit margin for FYE 2009.

8. FINANCIAL INFORMATION (CONT'D)

The gross profit also includes a write back of provisions on disputed amounts with suppliers which the amount had been settled and provisions are no longer required.

There is no material impact from foreign currency risk as most of 7-Eleven Group's products are sourced through local distributors or manufacturers.

Other Operating Income

	←-----12 Months-----→		
	FYE 2007 (RM'000)	FYE 2008 (RM'000)	FYE 2009 (RM'000)
Incentives and rebates from vendors	47,232	53,257	57,641
Advertising and promotions	6,059	8,583	8,140
Prompt payment discounts	2,282	2,173	1,984
Rental, interest and other income	2,524	8,898	17,173
Compensation received (net of impairment)	10,000	-	-
Franchisee Income	-	-	4,900
	68,097	72,911	89,838

7-Eleven receives various incentives from suppliers via listing of new products, advertising and conducting promotions at its convenience stores. For every new store opened, key suppliers who want their products at the new convenience stores are also required to pay new store incentives.

However, the main incentives are collected from suppliers that reserves dedicated shelves or spaces to display their products/brands at a contractual fee.

As at LPD, there are 1,127 7-Eleven convenience stores and out of which 1,094 are located in Peninsular Malaysia. In October 2005, 7-Eleven set up its own CDC located in Shah Alam, Selangor Darul Ehsan. Suppliers achieved reduction in transportation cost as they now deliver to one location instead of multiple locations. Each supplier that delivers to this CDC contributes about 3% of goods delivered as rebates to 7-Eleven to defray the cost of operating the CDC.

The substantial increase in other operating income from RM68.1 million in FYE 2007 to RM72.9 million and RM89.8 million in FYE 2008 and 2009, respectively were principally attributable to the growth in the number of convenience stores and increase in trade volume in view that some of the other operating income are based on number of stores and/or targets on purchase/sales agreed with the suppliers.

In 2005, 7-Eleven entered into a master tenancy agreement to rent 44 premises to enable 7-Eleven to operate and manage convenience stores on the premises for a period of 15 years. In 2007, the owner sold all these 44 premises to a third party and as a result, 7-Eleven and the owner had entered into a supplemental agreement to vary certain terms and conditions in the master tenancy agreement. Pursuant to the said supplemental agreement, a sum of RM10 million was paid to 7-Eleven as compensation. This compensation is partially reduced by an impairment recognised during FYE 2007.

Other operating income increased by RM16.9 million or 23.2% from RM72.9 million in FYE 2008 to RM89.8 million in FYE 2009. The increase includes the RM4.9 million franchise fee and RM13.0 million in intercompany interest. In December 2009, 49 franchisees had signed and paid the RM100,000 per store franchise fee.

8. FINANCIAL INFORMATION (CONT'D)

The increase in other operating income was also principally due to the increase in incentives and rebates from suppliers, as well as improved trading terms and incentives received from suppliers as a result of the increased number of stores, trade volume and interest income from holding companies.

Operating Overheads

The operating overheads consist of the following expenses:-

- Selling and distribution expenses

The selling and distribution expenses are expenses incurred in the running of the 7-Eleven convenience stores. The expenses increased in tandem with the increase in the number of convenience stores from FYE 2007 to FYE 2009. These expenses include salaries of store associates, utilities, maintenance of store equipment, consumables, insurance, rental, depreciation, royalties, merchandise shortages as well as stock losses/discrepancies during the initial years of operation of the CDC.

- Administrative and other operating expenses

Administrative and other operating expenses relate to, amongst others, staff cost of head office and store support, training and electronic data processing cost. Administrative and other operating expenses have remained relatively constant over the financial years under review.

Finance Costs

The increase in finance costs is in line with the increase in borrowings throughout the financial years under review.

Profit Before Taxation and Profit After Taxation

The increase in profit before and after taxation are attributable to increase in revenue, gross profit margins and other operating income as describe in the relevant sections above.

iii) Information Which Have Materially Affected Or Could Materially Affect 7-Eleven Group's Operations

Foreign Exchange Risk

Almost all 7-Eleven Group's products are sourced from local suppliers or manufacturers. The only foreign exchange exposure is in United States Dollars arising from purchases of equipment and equipment spare parts. The RM equivalent of these net financial liabilities of 7-Eleven Group which are denominated in United States Dollars is estimated to be less than RM1 million at any one time. Foreign exchange exposures are not hedged as they are not material.

Interest Rates

In view of 7-Eleven Group's total borrowings of RM142.5 million as at 31 December 2009, any material change in bank interest rates will have an impact on interest expense.

8. FINANCIAL INFORMATION (CONT'D)Impact Of Inflation

Based on our past financial records, the performance of 7-Eleven Group had not been materially affected by inflation.

Government Policies And Business Risk

7-Eleven Group places strong emphasis on compliance with Government policies and regulations. For instance, beer was not sold in 7-Eleven stores located in areas where the population is predominantly Muslims. Currently, 7-Eleven stores which do not sell beer only account for less than 10% of the total number of stores.

iv) Liquidity And Capital ResourcesCash Flows

7-Eleven Group's net cash flow summary for FYE 2007 to 2009 is set out below:-

	FYE 2007 (RM'000)	FYE 2008 (RM'000)	FYE 2009 (RM'000)
Net cash generated from operating activities	63,854	40,954	12,515
Net cash used in investing activities	(24,939)	(166,679)	(25,087)
Net cash (used in)/generated from financing activities	(11,149)	96,271	5,347
Net increase/(decrease) in cash and cash equivalents	27,766	(29,454)	(7,225)
Cash and cash equivalents at the beginning of the year	26,964	54,730	25,276
Cash and cash equivalents at the end of the year	54,730	25,276	18,051

- **Cash flows from operating activities**

The net cash generated from operating activities decreased from RM63.85 million in FYE 2007 to RM40.95 million in FYE 2008 mainly due to the faster payments to enjoy trade discounts as evidenced by the reduction in the average merchandise trade payables turnover period from 103 days in FYE 2007 to 90 days in FYE 2008.

Net cash generated from operating activities decreased further to RM12.52 million in FYE 2009 mainly due to the faster payments to trade payables as evidenced by the reduction in turnover days for 7-Eleven Group from 90 days in FYE 2008 to 83 days in FYE 2009, as well as the cash outlay required to increase the number of 7-Eleven convenience stores from 1,013 stores in FYE 2008 to 1,103 stores in FYE 2009. The increase in the number of 7-Eleven stores also brought about an increase in other costs associated with operating the additional 90 stores, such as the increase in finance costs (due to additional drawdown of borrowings to finance the purchase of store equipment and IT equipment). Tax paid for the 7-Eleven Group in FYE 2009 amounted to RM11.0 million, as compared to RM4.7 million in FYE 2008.

8. FINANCIAL INFORMATION (CONT'D)

- **Cash flows from investing activities**

The net cash used in investing activities for all the three (3) financial years under review were mainly attributable to the purchase of properties, plant and equipment for new 7-Eleven stores.

In FYE 2008, the net cash used in investing activities amounting to approximately RM166.68 million was mainly due to advances given to related companies, in addition to the purchase of properties, plant and equipment for new 7-Eleven stores.

In FYE 2009, the net cash used in investing activities amounting to RM25.09 million was mainly due to the purchase of the 4-acre land in Bukit Jelutong, plant and equipment for new stores.

- **Cash flows from financing activities**

In FYE 2008, the RM96.27 million increase in cash generated from financing activities arose from two (2) trade lines from local banks totalling RM120 million which comprised revolving credit and bankers acceptances facilities. The RM5.35 million is the net cash generated from financing activities in FYE 2009 mainly arose from the proceeds from banker's acceptance and revolving credit. This was however, partially offset by the repayment of banker's acceptance, revolving credit, term loan and hire purchase and finance lease liabilities during the financial year.

As set out in Sections 4.2.5 and 4.3.1 (i) of this Prospectus, 7-Eleven Group is currently embarking on a programme to increase substantially the number of its 7-Eleven convenience stores on a franchise basis. With a cash inflow of RM250,000 for each franchised store, 7-Eleven Group plans to reinvest the amount to set-up new convenience stores costing about RM260,000 cash. This will help accelerate new store growth without substantial net cash outflow from 7-Eleven Group.

The franchise fee, payment for stocks and security deposit are envisaged to result in substantial cash inflow of about RM25 million during the financial year ending 31 December 2010.

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8. FINANCIAL INFORMATION (CONT'D)Borrowings

7-Eleven Group's total outstanding borrowings all of which are secured as at 31 December 2009 are as follows:-

	Interest Rates	Maturity Period	As At 31.12.2009 (RM'000)	
Long term borrowings				
- Finance leases	6.5% - 9.2%	Between 1 to 5 years	9,039	13,709
- Term loans	3.2% - 6.4%	Between 1 to 5 years	4,670	
Short term borrowings				
- Revolving credits	4.0% - 5.7%	Within 1 year	75,000	128,812
- Bankers acceptances	2.1% - 3.6%	Within 1 year	44,892	
- Finance leases	6.5% - 9.2%	Within 1 year	7,753	
- Term loans	3.2% - 6.4%	Payable within 1 year	1,167	
				142,521

Term loans secured by 7-Eleven Group were utilized to finance the purchase of nine (9) properties which are used to operate 7-Eleven convenience stores. Finance leases are utilized to finance store equipment and information technology (IT) equipment whilst revolving credits and banker acceptances are used to finance the purchase of merchandise.

Except for finance leases and certain term loans, all other borrowings are pegged against the base lending rate or the banks' cost of funds.

Material Commitment For Capital Expenditures

As at 31 December 2009, 7-Eleven Group's material commitments for capital expenditures are as follows:-

Purpose	(RM'000)
Approved and contracted for:	
Progress payment for a property purchased in Malaysia	48
Opening of 51 new 7-Eleven convenience stores in Malaysia	12,046
Approved but not contracted for:	
Opening of 99 new 7-Eleven convenience stores in Malaysia	23,384
Total	35,478

The above material commitments for capital expenditures are envisaged to be funded by borrowings and internally generated funds.

8. FINANCIAL INFORMATION (CONT'D)**v) Treasury Policy And Objectives**

Sales proceeds from each of our 7-Eleven convenience stores are banked-in daily and monitored by the head office daily through internet banking services. The 7-Eleven Group relies on daily sales proceeds, suppliers' credit terms ranging from 30 days to 60 days and trade lines from financial institutions to fund its operations.

As explained above, although payment of royalties and purchases of certain equipment and equipment spare parts are transacted in United States Dollars, these payments are not significant and are not hedged.

vi) Key Financial Ratios

	←-----12 Months-----→		
	FYE 2007	FYE 2008	FYE 2009
Average merchandise trade payables turnover period (days)	103	90	83
Average stock turnover period (days)	36	39	39

Merchandise trade payables

Average merchandise trade payables turnover period had improved from 103 days in FYE 2007 to 90 days in FYE 2008 and 83 days in FYE 2009 despite of the increase in year-on-year merchandise sales. The 7-Eleven Group will continue to improve its payment terms to suppliers in return for better trading terms and better fulfillment of supplies.

Merchandise trade payables was reduced from RM199.1 million in FYE 2008 to RM185.3 million in FYE 2009 inspite of the increase in merchandise turnover from RM1.07 billion in FYE 2008 to RM1.15 billion in FYE 2009.

7-Eleven Group made a concerted effort to pay suppliers on a more timely basis. Although the official credit period is between 30 days to 60 days, certain suppliers have customarily accepted payment period of 90 days. 7-Eleven Group pays its suppliers within the suppliers' acceptable credit periods.

Trade receivables

There are no trade receivables in 7-Eleven as all transactions are on cash terms.

Stock turnover

Each 7-Eleven convenience store carries about RM100,000 worth of merchandise. The average stock turnover for the years under review has been relatively consistent.

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8. FINANCIAL INFORMATION (CONT'D)**vii) Trend Information**

Trend information on the number of stores, average day sales per store, average customer count per day and average merchandise transaction size for the past three (3) FYE 2007 to 2009 have been set out in Section 8.2.2 (ii) of this Prospectus.

	FYE 2007	FYE 2008	FYE 2009
Current ratio (times)	0.68 ^(a)	0.78 ^(a)	0.82 ^(a)
Debt equity ratio (times)	0.56	3.00 ^(b)	2.09 ^(b)
NTA per share (RM) ^(c)	0.79	1.11	1.85

- (a) All sales of 7-Eleven Group are based on cash terms and therefore there are no trade receivables. Moreover, the merchandise inventories at each 7-Eleven convenience store are maintained at only 30 to 40 days of turnover. On the other hand, all its purchases are based on suppliers' acceptable credit terms ranging from 30 to 60 days. 7-Eleven Group is then able to leverage on these cash flow timing differences to optimize the management of cash. Hence, there is no necessity for 7-Eleven Group to maintain a current ratio of more than one time.
- (b) The higher debt equity ratio in FYE 2008 was principally due to additional drawdown of borrowings. The additional drawdown of borrowings were mainly for purchase of properties which are used to operate 7-Eleven convenience stores, finance store equipment and IT equipment and for the purchases of merchandise. The improved gearing ratio of 2.09 times in FYE 2009 as compared to 3.00 times in FYE 2008 was mainly due to the increase in retained earnings in FYE 2009.
- (c) The NTA per share is computed based on 35,000,000 shares for all the years under review. The increase in NTA per share from FYE 2007 to FYE 2009 were mainly due to profits recorded over the years.

State of order book is not applicable to 7-Eleven Group in view that its business is in the operation of a chain of convenience stores.

Known factors likely to have material effect on the financial condition and results of operations

As set out in Section 8.2.2 (ii) of this Prospectus, revenue growth can be attributable to various factors including store growth. Hence, the success of 7-Eleven in the future is very much dependent on, amongst others, the rate of expansion of its convenience store network to achieve market concentration and dominance.

The introduction of the franchise programme in October 2009 will be instrumental in driving the future growth of 7-Eleven Group. The franchise fees received will be utilised to finance new store growth. Our Group targets to introduce 100 convenience stores under the franchise programme for the financial year ending 31 December 2010.

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8. FINANCIAL INFORMATION (CONT'O)

Known factors that would cause the historical financial statements to be not necessarily indicative of future financial performance

As elaborated in Section 4.3 of this Prospectus, 7-Eleven Group's future plan include the 7-Eleven Store Franchise Programme, introduction of new premium fresh food and beverage, expansion of convenience store network and proposed setting up of a new logistic centre.

The future plans may result in 7-Eleven Group facing business and operational risks which may include, inter alia, insufficient cash flow funding capability and inadequate experienced workforce.

To mitigate these risks, our Directors will ensure that adequate funding of store growth is available either through internally generated funds and/or borrowings. 7-Eleven practices stringent selection guidelines and review policies before embarking on any decision to open new convenience stores.

To ensure adequacy of trained and experienced staff, 7-Eleven Group employs and trains its staff via its New Employee Training Program and Store Manager Training Program over its 35 training stores.

As set out in Section 8.2.2 (ii) of this Prospectus, 7-Eleven Group's profit before taxation for the financial year ended 31 December 2007 includes a compensation of RM10 million before deducting impairment of RM2.7 million in connection with 7-Eleven's agreement to vary the terms and conditions in respect of a master tenancy agreement involving rental of 44 premises.

Additionally, going forward, 7-Eleven Group is not envisaged to record further interest income from its related companies in view that all non-trade debts owing by related companies outside the Group have been fully settled.

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8. FINANCIAL INFORMATION (CONT'D)**8.2.3 Singer Group**

Singer Group's operations are principally undertaken via Singer. Hence, the analysis below are set out based on Singer company level results.

i) Financial Results for the three (3) FYE 2007 to 2009

	FYE 2007 (RM'000)	FYE 2008 (RM'000)	FYE 2009 (RM'000)
Revenue	306,255	334,076	355,227
Cost of sales	(168,991)	(180,414)	(188,116)
Gross profit	137,264	153,662	167,111
Other income	12,350	13,625	12,698
Distribution costs	(58,311)	(69,098)	(76,042)
Administrative expenses	(41,260)	(42,909)	(43,874)
Other expenses	(21,059)	(18,010)	(18,179)
	28,984	37,270	41,714
Finance costs	(23,860)	(21,174)	(19,768)
Investment related income/(expenses)	3,600	-	(49)
Profit before taxation	8,724	16,096	21,897
Income tax reversal/ (expense)	(303)	4,941	6,000
Profit for the year	8,421	21,037	27,897
EBITDA	34,619	39,093	43,557

Analysis Of Results Of Operations**Revenue**

The increasing revenue trend with growths recorded of 9.1% in FYE 2008 and 6.3% in FYE 2009 were mainly attributable to intensified sales activities which include conducting exhibitions and displays, product demonstrations, leaflets distribution and sales canvassing coupled with better sales offers to customers and attractive sales incentives to sales personnel.

In FYE 2008, the higher revenue was attributable to higher sales derived from all major products particularly new product launches like LCD television and home improvement products. Meanwhile, the higher revenue in the following FYE 2009 was attributable to higher sales of major home appliances, particularly sewing machine and electrical appliances which grew by 17% and 20% respectively.

The improvement in the collection and longer credit terms granted to customers have resulted in the increase of earned carrying charges by 6.8% and 6.4% in FYE 2008 and 2009 respectively. "Earned carrying charges" are charges/interest earned from the financing of products sold under the hire purchase/easy payment scheme with installment term of up to 48 months.

8. FINANCIAL INFORMATION (CONT'D)

The duration of the longer credit terms granted to Singer's customers and the previous credit terms granted are as follows:-

	Contract Length (Months)	
	Previous	New
Sewing machine	36	42
Freezer/Fridge/Chiller	36	48
Washing Machine	36	42
Audio-visual equipment	36	48
Motor Bike	42	48
Furniture	36	42

Cost Of Sales

The lower increase in cost of sales of 4.3% in FYE 2009 as compared to 6.8% in FYE 2008 was mainly due to a more favourable product sales mix as a result of higher sales of products with higher product margins and thus lower cost of sales.

Gross Profit

For the three (3) FYE 2007 to 2009, gross profit rose in the respective years in tandem with higher revenue. The improving gross margin percentage registered in all the financial years under review was the result of better supply chain management as well as efficiency in stock control and higher earned carrying charges.

Other Income

Other income comprised of administrative charges and late charges collected from customers and investment related income. Administrative charges were imposed on customers as credit processing fee when they purchase products under the equal payment scheme. Likewise, defaulters who are late in their monthly instalment payment are liable to pay late payment charges and legal expenses (if a legal suit is taken).

Other income remained relatively constant throughout the financial years under review.

Distribution Costs

These were direct costs incurred in the generation of revenue which were either variable or semi-variable in nature. A higher distribution cost to revenue ratio was indicative of product sales mix, better selling incentives given and improved receipt from customers which resulted in higher collection commission and incentives being paid. The other contributing factor was the expiry of a special concession royalty rate (payable to Singer Asia Limited) fixed at 0.5% on net revenue in FYE 2007, which increased to 0.875% from FYE 2008 onwards.

Administrative Expenses

While higher staff costs and rental of premises have contributed to the increased administrative expenses in proportion to revenue, overall operating overheads did not increase proportionate with revenue in the financial years under review which were indicative of effectiveness in cost control and prudence in spending.

8. FINANCIAL INFORMATION (CONT'D)Other Expenses

This consists mainly provisions for bad and doubtful debts on hire purchase and equal payment debtors. The management of Singer reviews all delinquent hire purchase and equal payment receivables and where these receivable accounts are in doubt of collection, a provision for doubtful debts is made for the specific hire purchase and equal payment debtor, irregardless of the number of months in delinquent. The assessment to make a provision for doubtful debt of each delinquent hire purchase and equal payment debtor is based on the management of Singer's past experience with the collectibility of balances from that category of debtors.

Finance Cost

The overall decrease in total borrowings was attributed to both scheduled loan repayments and lower utilization of credit facilities. Together with the reduction in cost of funds granted by lenders, finance costs incurred in the respective financial years under review were on a decreasing trend.

Investment Related Income/(Expenses)

Investment related income in FYE 2007 was in relation to a dividend paid by Singer's subsidiary, Biofield. There were no further dividends being declared in subsequent financial years.

Income Tax Reversal/(Expense)

During the financial years under review, Singer recognized deferred tax benefits which arose as a result of the availability of unabsorbed business losses that can be utilized for setting-off against future taxable income

ii) **Financial results for the two (2) FPE 2008 and 2009**

	FPE 2008 (Unaudited) (RM'000)	FPE 2009 (Audited) (RM'000)
Revenue	358,653	355,995
Cost of sales	(196,452)	(187,516)
Gross profit	162,201	168,479
Other income	12,913	13,284
Distribution costs	(76,327)	(74,958)
Administrative expenses	(44,717)	(45,061)
Other expenses	(13,405)	(21,965)
	40,665	39,779
Finance costs	(20,594)	(16,504)
Investment related expenses	-	(49)
Profit before taxation	20,071	23,226
Income tax reversal	6,000	-
Profit for the period	26,071	23,226
EBITDA	42,398	41,605

8. FINANCIAL INFORMATION (CONT'D)

Analysis of Results of Operations

In FPE 2009, due to the cautious consumer sentiment as a result of the economic uncertainty, the revenue in the first half of 2009 declined by 9.0% as compared to the previous corresponding period. Towards the second half of 2009, as consumers' confidence improved, coupled with the festive seasons, a better-than-expected sales performance was recorded. As a result, the overall revenue for the twelve (12)-month FPE 2009 dropped only marginally by less than 1.0% from RM358.7 million in FPE 2008 to RM356.0 million in FPE 2009.

Despite the slight drop in revenue, gross profit improved by RM6.3 million or 3.9% as compared to FPE 2008, mainly due to the improved product sales mix and better product prices obtained from suppliers.

Other income, distribution costs and administrative expenses remained relatively constant throughout the financial periods under review.

Other expenses mainly comprise provision for bad debts, which were significantly higher in FPE 2009, as compared to FPE 2008 due to quick recovery action initiated on defaulters irregardless of months in delinquent resulting in earlier recognition of provision of doubtful debts.

The reduction in finance costs from RM20.6 million in FPE 2008 to RM16.5 million in FPE 2009 was mainly due to the reduction in bank borrowings from RM237.4 million in FPE 2008 to RM205.9 million in FPE 2009, as well as the lower bank interest rates prevailing in FPE 2009.

As there were unabsorbed business losses available that can be utilised for set off against taxable profits, no tax liabilities were provided for in FPE 2009 and FPE 2008. While there were deferred tax assets of RM6.0 million realized in the books of Singer in FPE 2008, no additional deferred tax assets were recognized for FPE 2009 as the accumulated deferred tax of RM15 million in FPE 2009 has been deemed adequate.

iii) Information Which Have Materially Affected Or Could Materially Affect Singer's Operations**Foreign Exchange Risk**

As 21% of Singer's purchases also consists of imports, the cost of goods will be affected accordingly by fluctuation in foreign exchange rates in particular the United States Dollars. Singer does not practice any hedging and any significant cost increase will normally be passed on to customers in term of higher prices. Past experiences showed that there was no material impact arising from foreign exchange fluctuation.

Interest Rates

In view of Singer's total borrowings of over RM200 million during the financial years/period under review, any material change in bank interest rates will have an impact on interest expense. As stated in Section 8.2.3 (ii) of this Prospectus, with the reduction in borrowings and the low interest rate in FYE 2009, finance charges incurred by Singer have reduced.

8. FINANCIAL INFORMATION (CONT'D)Impact Of Inflation

Based on past financial records, the performance of Singer had not been materially affected by inflation. Our Board believes that in the event of any increase in cost of goods sold as a result of inflation, Singer will be able to correspondingly increase the price of its products.

Government, Economic, Fiscal And Monetary Policies/Factors

There has been no material effect on Singer's operations and financial performance arising from Government, economic, fiscal and monetary policies or factors during the financial years/period under review.

iv) Liquidity And Capital ResourcesCash Flows

Singer's net cash flow summary for all the financial years/periods under review are set out below:-

	FYE 2007 (RM'000)	FYE 2008 (RM'000)	FYE 2009 (RM'000)	FPE 2008 (RM'000) (Unaudited)	FPE2009 (RM'000)
Net cash generated from operating activities	28,658	24,609	39,343	24,676	39,120
Net cash generated from /(used in) investing activities	2,049	3,444	(791)	(235)	(561)
Net cash used in financing activities	(30,317)	(9,617)	(33,659)	(25,349)	(39,622)
Net increase/(decrease) in cash and cash equivalents	390	18,436	4,893	(908)	(1,063)
Cash and cash equivalents at the beginning of the year/period	(26,211)	(25,821)	(7,385)	(821)	(1,729)
Cash and cash equivalents at the end of the year/period	(25,821)	(7,385)	(2,492)	(1,729)	(2,792)

Please note that the negative cash and cash equivalents represent utilisation of overdraft facilities which is within the credit limit granted by bankers.

- **Cash flows from operating activities**

Cash inflows were derived principally from receipts from customers which in turn consist of cash sales, deposits and initial payment for goods purchased under instalment payment options and the monthly instalments.

Cash outflows were mainly made up of payment to suppliers and payments for operating expenses.

For all the financial years/periods under review, there were positive net cash generated from operating activities.

8. FINANCIAL INFORMATION (CONT'D)

The net cash generated from operating activities decreased from RM28.66 million in FYE 2007 to RM24.6 million in FYE 2008 mainly due to the increase in stock purchases from suppliers where the payment terms are 30 days as evidenced by the reduction in the average trade payables turnover period from 37 days in FYE 2007 to 32 days in FYE 2008.

Net cash generated from operating activities increased to RM39.3 million in FYE 2009 mainly due to the better collection from trade receivables as evidenced by the improvement in turnover days for Singer Group from 354 days in FYE 2008 to 341 days in FYE 2009. Tax refunds were also higher in FYE 2009 amounting to RM1.5 million, as compared to only RM0.3 million in FYE 2008.

In FPE 2009, net cash generated from operating activities increased to RM39.1 million as compared to RM24.7 million in FPE 2008 mainly due to decrease in purchase of stocks-in-trade during FPE 2009.

- **Cash flows from investing activities**

The net cash inflows from investing activities amounting to RM2.0 million in FYE 2007 and RM3.4 million FYE 2008 were mainly attributable to the proceeds from disposals of shop lots.

The net cash outflows from investing activities amounting to approximately RM0.8 million in FYE 2009, RM0.56 million in FPE 2009 and RM0.24 million in FPE 2008 were mainly due to the purchases of properties, plant and equipment and motor vehicles.

- **Cash flows from financing activities**

The improved net cash outflow from financing activities from RM30.3 million in FYE 2007 to RM 9.6 million in FYE 2008 were mainly due to new advances from inter-company and lower repayment of borrowings as well as lower interests paid.

In FYE 2009, the net cash outflow from financing activities amounting to RM33.7 million was mainly due to the repayment of borrowings which exceeded the drawdown of the facilities.

Net cash outflow from financing activities increased from RM25.3 million in FPE 2008 to RM39.6 million in FPE 2009 mainly due to payment made on behalf of inter-company and repayment of borrowings utilizing our own internally generated funds.

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8. FINANCIAL INFORMATION (CONT'D)Borrowings

Singer's total outstanding borrowings as at 31 December 2009 are as follows:-

	Interest Rate	Maturity Period	As At 31.12.2009 (RM'000)	
Long term borrowings				
- Syndicated revolving credit (unsecured)	4.82% - 9.30%	More than 1 year to less than 2 years	70,000	
- Advances under block discounting arrangements (secured)	8.75% - 9.75%	More than 1 year to less than 3 years	7,224	
- Finance leases (secured)	4.72% - 13.5%	More than 1 year to less than 3 years	334	
				77,558
Short term borrowings				
- Bankers acceptance (unsecured)	4.23% - 5.87%	Within 1 year	51,260	
- Revolving credit (unsecured)	4.57% - 8.50%	Within 1 year	38,534	
- Syndicated revolving credit (unsecured)	4.82% - 9.30%	Within 1 year	25,000	
- Advances under block discounting arrangements (secured)	8.75% - 9.75%	Within 1 year	6,747	
- Bank overdraft (unsecured)	8.00% - 8.45%	Within 1 year	6,562	
- Finance leases (secured)	4.72% - 13.5%	Within 1 year	289	
				128,392
				205,950

The bankers acceptance facilities are utilised mainly for payment of trade suppliers. Revolving credit and block discounting facilities (sales of receivables) are utilised to finance the hire purchase/equal payment receivables. While the finance lease facilities are used for fixed assets purchases, bank overdrafts are used for working capital.

Except for finance leases, all other borrowings are pegged against the base lending rate or the respective banks' cost of funds.

Material Commitment For Capital Expenditures

As at LPD, Singer's material commitments for capital expenditures are as follows:-

Purpose	(RM'000)
Purchase of fixed assets to be used in Malaysia (approved but not contracted for)	933

The above material commitments for capital expenditure are envisaged to be financed by the utilisation of finance lease facilities and/or internally generated funds.

8. FINANCIAL INFORMATION (CONT'D)**v) Treasury Policy And Objectives**

In relation to payment to trade suppliers and other creditors, it has always been Singer's practice to take full advantage of the credit term granted which normally ranges from 30 days to 90 days. Trade suppliers are paid by utilizing the available trade lines of RM64 million (as at 31 December 2009).

Designated bank collection accounts are opened for every branch location to facilitate daily banking of monies received from customers. At the end of each day, all available funds in the collection accounts are automatically transferred to the main bank accounts and subsequently transferred to cover bank overdraft accounts to minimize credit utilisation and finance charges.

Singer has in place standard operating procedures to manage proper accounting of customers receipts and the handling of cash by its employees and sales agents.

vi) Key Financial Ratios

	FYE 2007	FYE 2008	FYE 2009	FPE 2008 (Unaudited)	FPE 2009
Average trade payables turnover period (days)	37	32	32	44	49
Average trade receivables turnover period (days) *	378	354	341	340	358
Average stock turnover period (days)	70	67	77	71	79

* Calculated based on the the average trade receivables and equal payment and hire purchase debtors balance

Trade payables

Payments to overseas suppliers are on letter of credit (LC) or documentary credit terms while for local suppliers full advantage is taken on the credit terms granted which ranges from 30 to 90 days. Trade payables outstanding of RM22.9 million as at 31 December 2009 was lower than the amount of RM25.9 million as at 31 December 2008 principally due to 12% decrease in purchase of stock in trade during FPE 2009.

Ageing analysis of Singer's trade payables as at 31 December 2009 is as follows:-

	0-30 Days (RM'000)	31-60 Days (RM'000)	61-90 Days (RM'000)	Above 90 Days (RM'000)	Total (RM'000)
Total trade payables	12,835	6,936	2,304	832	22,907

8. FINANCIAL INFORMATION (CONT'D)Trade receivables

The trade receivables balance consists mainly of dealers, re-sellers and corporate customers of Singer with credit terms ranging from 30 to 90 days and in certain cases, they are assessed and approved based on the merit of each individual case. Singer however has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

Ageing analysis of Singer's trade receivables as at 31 December 2009 is as follows:-

	0-30 Days (RM'000)	31-60 Days (RM'000)	61-90 Days (RM'000)	Above 90 Days (RM'000)	Total (RM'000)
Total trade receivables	2,031	908	465	2,448	5,852
Provision for doubtful debts	-	-	-	(2,232)	(2,232)
Net trade receivables	2,031	908	465	216	3,620

Equal Payment and Hire Purchase Debtors

Equal payment and hire purchase debtors balance consists of individual customers who enter into instalment option contracts with tenures of four (4) months up to a maximum of 48 months. The terms of repayment for these debtors are in accordance with the respective instalment option contracts entered into between the individual customers and Singer. As such, a delinquent ageing report is prepared instead of the ageing analysis on these debtors' balances.

Stock turnover

Average stock turnover days remained relatively constant throughout the financial years and financial periods under review. The increase in the stock turnover period from 67 days in FYE 2008 to 79 days in FPE 2009 was principally due to the higher stock level which is deliberately maintained in anticipation of sales growth and outlet expansion.

vii) Trend Information

	FYE 2007	FYE 2008	FYE 2009	FPE 2008 (Unaudited)	FPE 2009
Current ratio (times)	1.63	1.65	1.68	1.59	1.79
Debt equity ratio (times)	2.22	1.71	1.28	1.42	0.88
NTA per share (RM)	0.52	0.61	0.73	0.71	1.00

Current ratio

The gradual reduction in borrowings and efficient working capital management resulted in the healthy improvement of current ratio from 1.59 times in FPE 2008 to 1.79 times in FPE 2009.

8. FINANCIAL INFORMATION (CONT'O)

Debt-equity ratio

Debt-equity ratio is computed based on total borrowings divided by shareholders' funds. The improvement in debt-equity ratio was attributed mainly to the reduction in borrowings from approximately RM237.4 million in FPE 2008 to approximately RM206.0 million in FPE 2009.

NTA per share

The NTA per share was computed based on 235,000,000 shares for all the years under review. The continuing profitability has resulted in the increased in NTA per share from RM0.71 in FPE 2008 to RM1.00 in FPE 2009.

Recent Trend In Procurement

- Improvement in the supply chain management has resulted in the decreasing trend in purchase of stock in trade for FPE 2009.
- Surge in demand for LCD televisions led to 97% increase in purchases for FPE 2009 as compared to FPE 2008.

Recent Trend In Sales/Revenue

- In FYE 2009, a steep growth of 236% in sales of LCD televisions was recorded as the product was newly introduced and gradually replaced the normal CRT televisions which saw sales declined by 29% over the same period. LCD televisions continue to show growth of 131% for the FPE 2009 over FPE 2008 and CRT televisions show decline of 44% over the same period.
- The growing trend in sales of motor-bike with growth of 6.8% growth in FYE 2009 over FYE 2008 was primarily due to intensified sales activities.
- For refrigerators and washing machines, there has been a growing demand for bigger size models hence increasing the sales value.
- For FPE 2009, revenue declined marginally by 1% as compared to FPE 2008 due to weaker demand of consumer durables caused by economic uncertainties.

Recent Trend In Stocks

- In anticipation of sales growth and outlets expansion, a higher stock level was deliberately maintained in FYE 2008 and 2009. Improvement in supply chain management and better inventory management has resulted in lower inventory in FPE 2009.

Recent Trend In Costs And Selling Prices

- Rising commodity prices, shortage of components and fluctuation in exchange rates were amongst the reasons for costs increase in FYE 2008 and 2009, and the FPE 2009. The higher costs were mitigated by raising the selling prices and other ancillary charges and passed on to customers which resulted in improved gross margin for the financial years/period under review.
- Lower interest rate charged by banks arising from the global financial meltdown helped to mitigate the cost increase. The finance charges declined from RM21.2 million in FYE 2008 to RM19.8 million in FYE 2009. For FPE 2009, the finance cost incurred was RM16.5 million as compared to RM20.6 million in FPE 2008. This was attributable to the lower levels of borrowings in FPE 2009, as well as the lower bank interest rates prevailing in FPE 2009.
- Except for audiovisual products which saw declining prices, most home appliances and consumer products registered higher selling prices as a result of cost increases during the years/period under review.

8. FINANCIAL INFORMATION (CONT'D)

State Of Order Book

State of order book is not applicable to Singer in view that it is in the business of marketing and direct selling of consumer durables with instalment option schemes.

Known factors likely to have material effect on the financial condition and results of operations

Factors which are likely to have a material effect on Singer's financial condition and results of operations include:-

- acute stock shortages resulting in unfulfilled customer orders;
- poor receivables quality which affect collections and result in high level of bad debts; and
- insufficient working capital to adequately fund its business.

Singer has put in place relevant procedures, such as sourcing for equivalent products of third party brands from local distributors, to ensure inventory is adequately maintained to customers' demand. Further, as set out in Section 3.2.3 (iii) of this Prospectus, prospective customers are carefully screened to assess their credit risk before Singer Group extends the instalment option schemes. Some of the criteria assessed include credit history with Singer Group, credit history with other lenders, employment status, household income level and household size. In terms of working capital, our Board will ensure that adequate working capital is available through internally generated funds and/or external borrowing.

Further, the occurrence of financial crises which cause steep increase in interest rates and banks' lending abilities may also adversely affect Singer's profitability. By providing instalment options on equal payment for home appliances as opposed to hire purchase allows Singer the flexibility to adjust the interest rate charged to new customers as and when necessary. Under the Hire Purchase Act, the maximum interest rate is pegged at 10% per annum. With huge receivables base, Singer can raise funds through asset-backed securities or other similar facilities in the event commercial banks curtail their lending activities.

Known factors that would cause the historical financial statements to be not necessary indicative of future financial performance

Singer is envisaged to continue its current business model and as elaborated in Section 4.3 of this Prospectus, Singer's future plans include the progressive modernization of Singer branches and to expand its network of branches and independent authorised sales agents.

Going forward, recognition of tax benefit and deferred tax benefit as a result of the availability of unabsorbed business losses will cease when the balance of unabsorbed business losses and deferred tax assets are fully utilized. The balance of unabsorbed business losses and deferred tax assets as at 31 December 2009 is approximately RM6.1 million and RM15.0 million, respectively.

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8. FINANCIAL INFORMATION (CONT'D)

8.3 Dividend Policy

Going forward, it will be the policy of our Directors in recommending to distribute gross dividends of up to 50% of the Group's annual profit attributable to the equity holders of the Company. This will allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Our Directors will recommend the level of dividend payments, if any, after taking into account the following factors:-

- (i) our expected profitability;
- (ii) the availability of profits for the franking of dividends;
- (iii) our required and expected return on equity;
- (iv) our projected levels of capital expenditure and other investment plans;
- (v) the prevailing interest rates and yields of the financial market; and
- (vi) the level of our cash and indebtedness.

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9. ACCOUNTANTS' REPORT



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ACCOUNTANTS' REPORT

14 June 2010

The Board of Directors
Berjaya Retail Berhad
Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Wilayah Persekutuan

Dear Sirs,

1. Introduction

This report has been prepared by Messrs Ernst & Young, an approved company auditor, exclusively for the inclusion in the Prospectus of Berjaya Retail Berhad ("B-Retail") to be dated 30 June 2010 in connection with the listing of and quotation for the entire issued and paid-up share capital of B-Retail ("B-Retail Shares") and 10-year irredeemable convertible preference shares of RM0.50 each in B-Retail ("B-Retail ICPS") on the Main Market of Bursa Malaysia Securities Berhad.

2. Abbreviations

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

7-Eleven	7-Eleven Malaysia Sdn. Bhd. (120962-P)
7-Eleven Group	7-Eleven and its subsidiaries, namely:-
	(i) CSSSB;
	(ii) 7 Properties; and
	(iii) Teluk Juara.

9. ACCOUNTANTS' REPORT (CONT'D)



2. Abbreviations (cont'd.)

7 Properties	7 Properties Sdn. Bhd. (299688-K) [formerly known as 7-Connect Sdn. Bhd.]
BCorporation	Berjaya Corporation Berhad (554790-X)
BCorporation Group	BCorporation, its subsidiaries and associated companies
B-Retail ICPS	10-year irredeemable convertible preference share(s) of RM0.50 each in B-Retail
B-Retail Group	B-Retail and its proposed subsidiaries, namely:- (i) 7-Eleven; (ii) CSSSB; (iii) 7 Properties; (iv) Teluk Juara; (v) Singer; and (vi) Biofield.
B-Retail Securities	B-Retail Shares and B-Retail ICPS, collectively
B-Retail Share(s)	Ordinary share(s) of RM0.50 each in B-Retail
Biofield	Biofield Sdn. Bhd. (230111-X)
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W)
Cosway	Cosway Corporation Berhad (194949-H), an indirect wholly-owned subsidiary of BCorporation
CSSSB	Convenience Shopping (Sabah) Sdn. Bhd. (381437-U)
FPE	Financial period ended
FYE	Financial year ended
RM and sen	Ringgit Malaysia and sen respectively
Premier Merchandise	Premier Merchandise Sdn. Bhd. (594215-A), the vendor of 7-Eleven, whereby TSVT is deemed interested in 100% equity interest in Premier Merchandise
Listing Scheme	The Acquisition of 7-Eleven and Singer, Dividend-in-specie, Offer for sale and Listing, collectively
Singer	Singer (Malaysia) Sdn. Bhd. (97871-K)
Singer Group	Singer and its subsidiary, Biofield
Teluk Juara	Teluk Juara Sdn. Bhd. (246986-X)
TSVT	Tan Sri Dato' Seri Vincent Tan Chee Yioun, a major shareholder and the Chairman/Chief Executive Officer of BCorporation

9. ACCOUNTANTS' REPORT (CONT'D)



3. General information

3.1 Incorporation

B-Retail was incorporated in Malaysia under the Companies Act, 1965 on 8 June 2009 as a private limited liability company.

In conjunction with and as an integral part of the proposed application for the listing of B-Retail on the Main Market of Bursa Malaysia Securities Berhad as disclosed in Note 3.4, B-Retail was converted to a public company and assumed its present name on 29 September 2009.

3.2 Principal activities

The principal activity of B-Retail is investment holding and the principal activities of its subsidiaries are as disclosed in Note 4.

3.3 B-Retail Securities

At the date of incorporation, the authorised share capital of B-Retail was RM100,000 comprising 100,000 ordinary shares of RM1.00 each. At that date, the issued and paid-up share capital of B-Retail was RM2 comprising 2 ordinary shares of RM1.00 each.

On 17 June 2009, the authorised share capital of B-Retail was increased from RM100,000 to RM5,000,000,000 by the creation of an additional 4,999,900,000 ordinary shares of RM1.00 each.

On 28 September 2009, the Board of Directors approved the following amendments to the share capital of the Company:-

- (a) Change in the authorised share capital of B-Retail from RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM1.00 each to RM5,000,000,000 divided into 6,000,000,000 ordinary shares of RM0.50 each and 4,000,000,000 irredeemable convertible preference shares ("ICPS") of RM0.50 each; and
- (b) Subdivision of issued and paid-up share capital of B-Retail from 2 ordinary shares of RM1.00 each into 4 ordinary shares of RM0.50 each.

The amendments are in line with the proposed listing of the Company on the Main Market of Bursa Malaysia Securities Berhad as disclosed in Note 3.4.

9. ACCOUNTANTS' REPORT (CONT'D)



3. General information (cont'd.)

3.3 B-Retail Securities (cont'd.)

Arising from the Acquisitions as mentioned in Notes 3.4(a) and 3.4(b):

- (i) the issued and paid-up ordinary share capital of B-Retail was increased from RM2 to RM267,500,002 by way of the issuance of 535,000,000 B-Retail Shares; and
- (ii) the ICPS of B-Retail was increased from RMNil to RM481,216,000 by way of 962,432,000 units B-Retail ICPS.

3.4 Listing Scheme

In conjunction with and as an integral part of the listing of and quotation for B-Retail's entire issued and fully paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad, the following transactions have been/will be undertaken:-

- (a) B-Retail acquired 235,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Singer from Cosway for a consideration of RM360,000,000, which was satisfied in the following manner:-
 - i. assumption by B-Retail of a sum of RM45,905,000 due from BCorporation Group to Singer;
 - ii. issuance of 475,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 153,190,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.
- (b) B-Retail acquired 35,000,000 ordinary shares of RM1.00 each representing 100% equity interest in 7-Eleven from Premier Merchandise for a consideration of RM600,000,000, which was satisfied in the following manner:-
 - i. assumption by B-Retail of a sum of RM165,379,000 (including estimated interest up to 30 November 2009) due from Premier Merchandise and its holding companies to 7-Eleven;
 - ii. issuance of 60,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and

9. ACCOUNTANTS' REPORT (CONT'D)



3. General information (cont'd.)

3.4 Listing Scheme (cont'd.)

- (b) iii. issuance of 809,242,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.
- (c) Distribution of dividend-in-specie by BCorporation on the basis of 1 B-Retail Share for every 10 existing BCorporation shares held as at 30 June 2010 to be determined by the Board of BCorporation.
- (d) Offers for sale of B-Retail Shares and ICPS to various parties by Cosway at an offer price of RM0.50 per B-Retail Share and RM0.50 per B-Retail ICPS respectively.
- (e) Listing of and quotation of B-Retail Shares and B-Retail ICPS on the Main Market of Bursa Malaysia Securities Berhad.

Singer Group are principally involved in the marketing and direct selling of consumer durables with instalment option schemes.

7-Eleven Group are principally involved in the operation of a chain of convenience stores.

9. ACCOUNTANTS' REPORT (CONT'D)



3. General information (cont'd.)

3.5 Details of the subsidiaries of B-Retail are set out below:

Company	Date and place of incorporation	Issued and fully paid-up share capital RM'000	Effective equity interest	Principal activities
7-Eleven	4 June 1984 Malaysia	35,000	100%	Operating of convenience stores under the "7-Eleven" brand name and investment holdings
CSSSB	27 March 1996 Malaysia	2,000	100%	Operating of convenience stores under the "7-Eleven" brand name in Sabah
7 Properties*	12 May 1994 Malaysia	200	100%	Real property investment
Teluk Juara	17 August 1992 Malaysia	#	100%	Note 1
Singer	24 February 1983 Malaysia	235,000	100%	Marketing and selling of consumer durable products on cash, credit, hire purchase terms and equal payment schemes
Biofield	2 December 1991 Malaysia	93,775	100%	General insurance agent

* Formerly known as 7-Connect Sdn. Bhd.

Representing RM2

Note 1 The intended principal activities of Teluk Juara are property investment, warehousing and distribution of merchandise. During the FYE2009, Teluk Juara acquired a parcel of freehold land.

9. ACCOUNTANTS' REPORT (CONT'D)



4. Financial statements and auditors

B-Retail was incorporated on 8 June 2009 and hence there was no historical financial statements prior to this date.

The audited financial statements and notes to the audited financial statements of B-Retail and its subsidiaries are disclosed in Section 6 of this report.

The audited financial statements and notes to the audited financial statements of B-Retail and its subsidiaries are presented individually for each of the three financial years of the subsidiaries' accounts except for B-Retail which is presented for the period since its incorporation Teluk Juara which is presented for the period since it became the subsidiary of 7-Eleven.

We have been the auditors of B-Retail and its subsidiaries for all the financial periods/years covered in this report as further elaborated below.

There is no reservation or qualification in the auditors' reports in the financial statements covered in this report other than the qualified opinion and emphasis of matter for Singer and its subsidiary, for the financial year ended 31 December 2009 as disclosed below:

(a) *Qualified opinion*

No consolidated financial statements of Singer have been prepared for the year ended 31 December 2009 as the directors of Singer are of the opinion that the preparation of consolidated financial statements would not be of value for the purpose for which the current financial statements have been prepared*. This is not in accordance with the requirements of FRS 127: Consolidated and Separate Financial Statements.

(b) *Emphasis of matter*

The comparative figures for the income statements, the cash flow statements, the statements of changes in equity and the related notes to financial statements of Singer and Biofield are for the comparable 12 months period ended 31 December 2008. Pursuant to Paragraph 12.12(a) of the Prospectus Guidelines issued by the Securities Commission Malaysia, the comparative figures need not be and have not been audited as the directors of the respective companies are of the opinion that auditing the comparative figures would not be of value for the purpose for which the current financial statements have been prepared*.

9. ACCOUNTANTS' REPORT (CONT'D)

**4. Financial statements and auditors (cont'd.)**

- * The financial statements for the 12 months period ended 31 December 2008 have been prepared to be used solely for the preparation of the Accountants' Report to be included in the prospectus to be issued in connection with the listing and quotation of B-Retail on the Main Market of the Bursa Securities.

The auditors' reports on the individual financial statements of B-Retail and its subsidiaries for the following financial periods/years are appended in Appendix I to this report:

Company	FPE/FYE
Berjaya Retail Berhad	Financial period from 8 June 2009 to 31 December 2009
7-Eleven Malaysia Sdn. Bhd.	FYE 31 December 2007 FYE 31 December 2008 FYE 31 December 2009
Convenience Shopping (Sabah) Sdn. Bhd.	FYE 31 December 2007 FYE 31 December 2008 FYE 31 December 2009
7 Properties Sdn Bhd (formerly known as 7-Connect Sdn. Bhd.)	FYE 31 December 2007 FYE 31 December 2008 FYE 31 December 2009
Teluk Juara Sdn. Bhd.	FYE 31 December 2009
Singer Malaysia Sdn. Bhd.	FYE 30 April 2007 FYE 30 April 2008 FYE 30 April 2009 FPE 31 December 2009
Biofield Sdn. Bhd.	FYE 30 April 2007 FYE 30 April 2008 FYE 30 April 2009 FPE 31 December 2009

9. ACCOUNTANTS' REPORT (CONT'D)



5. Dividends

B-Retail has not paid or declared any dividends since its incorporation.

Details of dividends declared and paid by Singer and Biofield for the financial years under review are as follows:

Year ended	Rate (%)	Gross dividends (RM'000)	Net dividend per ordinary/ preference share (Sen)
Singer			
30 April 2008	0.3	705	0.22
Biofield			
30 April 2007	8.0	3,600	1.20

Other than as disclosed above, no dividend has been declared or paid by B-Retail or its subsidiaries.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information

6.1 Berjaya Retail Berhad

Income statement

	Note	FPE 8.6.2009 to 31.12.2009 RM'000
Administrative and other operating expenses, representing loss before tax	6.1.3	(2,327)
Income tax expense	6.1.4	-
Loss for the period		<u>(2,327)</u>

Balance sheet

		FPE 31.12.2009 RM'000
Asset		
Current asset		
Cash on hand		<u>#</u>
Total asset		<u>#</u>
Equity and liability		
Equity attributable to equity holders of B-Retail		
Share capital	6.1.5	#
Accumulated loss		<u>(2,327)</u>
Total deficit		<u>(2,327)</u>
Liability		
Current liability		
Sundry payables	6.1.6	<u>2,327</u>
Total liability		<u>2,327</u>
Total equity and liability		<u>#</u>

Representing RM2

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

Statement of changes in equity

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
At 8 June 2009	#	-	#
Loss for the period, representing total recognised income and expense for the period	-	(2,327)	(2,327)
At 31 December 2009	#	(2,327)	(2,327)

Representing RM2

Cash flow statement

	FPE 8.6.2009 to 31.12.2009 RM'000
Cash flows from operating activity	
Cash paid to sundry payables, representing net cash used in operating activity	(1,142)
Cash flows from financing activity	
Advance from a sundry creditor, representing net cash generated from financing activity	1,142
Net increase/(decrease) in cash and cash equivalents	-
Cash and cash equivalents at date of incorporation	#
Cash and cash equivalents at end of period	#

Representing RM2

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.1 Corporate information

B-Retail was incorporated on 8 June 2009.

In conjunction with and as an integral part of the proposed listing, B-Retail was converted to a public company and assumed its present name on 29 September 2009.

The intended principal activity of B-Retail is investment holding. On 28 September 2009, the Board of Directors approved the proposed Listing Scheme of B-Retail on the Main Market of Bursa Malaysia Securities Berhad, as further disclosed in Note 6.1.10.

B-Retail is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

6.1.2 Significant accounting policies

Basis of preparation

The financial statements of B-Retail have been prepared on a historical basis and comply with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

B-Retail relies on the financial support from a sundry creditor, 7-Eleven for continuous financial support to enable it to meet its obligations and liabilities when they fall due. 7-Eleven will become a wholly owned subsidiary of B-Retail upon the completion of the proposed exercise as disclosed in Note 6.1.10.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies

(a) Functional and presentation currency

The financial statements of B-Retail are measured using the currency of the primary economic environment in which B-Retail operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also B-Retail's functional currency.

(b) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(c) Provision

Provisions are recognised when B-Retail has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation.

(d) Financial instruments

Financial instruments are recognised in the balance sheet when B-Retail has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when B-Retail has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

Cash comprise cash on hand which have an insignificant risk of changes in value.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(d) Financial instruments (cont'd.)

(ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by B-Retail, which are:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

**Effective for financial periods beginning on or after 1 January 2010
(cont'd.)**

- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendment to FRS 8: Operating Segments
- Amendment to FRS 107: Statement of Cash Flows
- Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
- Amendment to FRS 110: Events after the Reporting Period
- Amendment to FRS 116: Property, Plant and Equipment
- Amendment to FRS 117: Leases
- Amendment to FRS 118: Revenue
- Amendment to FRS 119: Employee Benefits
- Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- Amendment to FRS 123: Borrowing Costs
- Amendment to FRS 127: Consolidated and Separate Financial Statements
- Amendment to FRS 128: Investments in Associates
- Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies
- Amendment to FRS 131: Interests in Joint Ventures
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendment to FRS 134: Interim Financial Reporting
- Amendment to FRS 136: Impairment of Assets
- Amendment to FRS 138: Intangible Assets
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2010 (cont'd.)

Amendment to FRS 140: Investment Property
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards (revised)
FRS 3: Business Combinations (revised)
FRS 127: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138: Intangible Assets
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 15: Agreements for the Construction of Real Estate
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17: Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 July 2010 (cont'd.)

B-Retail plans to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of B-Retail upon their initial application:

FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures*

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of B-Retail's exposure to risks, enhanced disclosure regarding components of B-Retail's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, B-Retail is exempted from disclosing the possible impact to the financial statements upon the initial application.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.2 Significant accounting policies (cont'd.)

Significant accounting estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Listing expenses accruals

B-Retail is in the progress of applying for listing on the Main Market of Bursa Malaysia Securities Berhad as further disclosed in Note 6.1.10. B-Retail is required to assess the amount of listing expenses incurred for the financial period end. Amount of listing expenses accrued is estimated based on the best available facts and circumstances. The accruals are reassessed and adjusted as additional information received affects the amount estimated. For the financial period ended 31 December 2009, total listing expenses accrued and expensed to the income statement amounted to RM2,325,312.

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.1 Berjaya Retail Berhad (cont'd.)****6.1.3 Loss before tax**

Loss before tax is arrived at after charging:

	FPE 8.6.2009 to 31.12.2009 RM'000
Auditors' remuneration	
- statutory audit	2
- special audit	2
Other listing expenses	<u>2,323</u>

6.1.4 Income tax expense

There is no tax charge for the financial period as B-Retail has yet to commence its operation.

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.4 Income tax expense (cont'd.)

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of B-Retail is as follows:

	FPE 8.6.2009 to 31.12.2009 RM'000
Loss before tax	(2,327)
Tax at statutory rate of 25%	(582)
Expenses not deductible under tax legislation	582
Tax expense for the period	-

6.1.5 Share capital

	Number of share FPE 31.12.2009 '000	Amount FPE 31.12.2009 RM'000
Authorised		
Ordinary share of RM0.50 each		
At date of incorporation (100,000 shares of RM1 each)	100	100
Created during the period (4,999,900,000 shares of RM1 each)	4,999,900	4,999,900
Change during the period (Note a)	1,000,000	(2,000,000)
At end of period	6,000,000	3,000,000

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.5 Share capital (cont'd.)

	Number of share FPE 31.12.2009 '000	Amount FPE 31.12.2009 RM'000
Irredeemable convertible preference share of RM0.50 each		
At date of incorporation	-	-
Change during the period (Note a)	4,000,000	2,000,000
At end of period	<u>4,000,000</u>	<u>2,000,000</u>
Issued and fully paid up		
At date of incorporation	@	#
Change during the period (Note b)	@	-
	<u>@@</u>	<u>#</u>

Representing RM2

@ Representing 2 shares

@@ Representing 4 shares of RM 0.50 each

On 17 June 2009, B-Retail increased its authorised share capital from RM100,000 to RM5,000,000,000 through the creation of 4,999,900,000 ordinary shares of RM1.00 each.

On 28 September 2009, the Board of Directors approved the following proposed amendments to the share capital of B-Retail:

- (a) Change in the authorised share capital of B-Retail from RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM1.00 each to RM5,000,000,000 divided into 6,000,000,000 ordinary shares of RM0.50 each and 4,000,000,000 irredeemable convertible preference shares ("ICPS") of RM0.50 each; and

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.1 Berjaya Retail Berhad (cont'd.)****6.1.5 Share capital (cont'd.)**

- (b) Subdivision of issued and paid-up share capital of B-Retail from 2 ordinary shares of RM1.00 each into 4 ordinary shares of RM0.50 each.

The proposed amendments are in line with the proposed listing of B-Retail on the Main Market of Bursa Malaysia Securities Berhad as disclosed in Note 6.1.10.

6.1.6 Sundry payables

	FPE
	31.12.2009
	RM'000
Payables related to listing expenses	<u>(2,327)</u>

Included in payables is an amount of RM1,142,124 due to a sundry creditor, 7-Eleven, being payments made on behalf of B-Retail to various creditors.

7-Eleven will become a wholly owned subsidiary of B-Retail upon the completion of the proposed exercise as disclosed in Note 6.1.10.

6.1.7 Related party disclosure

The key management personnel are the Directors of B-Retail. The key management personnel do not receive any remuneration from B-Retail.



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.8 Financial instruments

(a) Financial risk management objectives and policies

The financial risk management policy of B-Retail seeks to ensure that adequate financial resources are available for the development of B-Retail's business whilst managing its liquidity risk. B-Retail operates within defined guidelines and B-Retail's policy is not to engage in speculative transactions.

B-Retail relies on the financial support from a sundry creditor, 7-Eleven for continuous financial support to enable it to meet its obligations and liabilities when they fall due. 7-Eleven will become a wholly owned subsidiary of B-Retail upon the completion of the proposed exercise as disclosed in Note 6.1.10.

(b) Fair value

The carrying amounts of cash and cash equivalents and payables approximate their fair values due to the relatively short term maturity of these financial instruments.

6.1.9 Comparatives

There were no comparative figures for the income statement, the cash flow statement, the statement of changes in equity and the related notes to financial statements, as B-Retail was incorporated on 8 June 2009.



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.10 Significant events

On 28 September 2009, the Board of Directors approved the proposed listing of B-Retail on the Main Market of Bursa Malaysia Securities Berhad. The proposed listing comprises the following exercises:

- (a) Proposed acquisition of 235,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Singer from Cosway for a consideration of RM360,000,000 to be satisfied in the following manner:
 - i. assumption by B-Retail of debts in the sum of RM45,905,000 between Singer and BCorporation Group;
 - ii. issuance of 475,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 153,190,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.

- (b) Proposed acquisition of 35,000,000 ordinary shares of RM1.00 each representing 100% equity interest in 7-Eleven from Premier Merchandise for a consideration of RM600,000,000 to be satisfied in the following manner:-
 - i. assumption by B-Retail of a sum of RM165,379,000 (including estimated interest up to 30 November 2009) due from Premier Merchandise and its holding companies to 7-Eleven;
 - ii. issuance of 60,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 809,242,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.



6. Historical financial information (cont'd.)

6.1 Berjaya Retail Berhad (cont'd.)

6.1.10 Significant events (cont'd.)

- (c) Proposed distribution of dividend-in-specie by BCorporation on the basis of 1 B-Retail Share for every 10 existing BCorporation shares held as at the entitlement date to be determined by the Board of BCorporation.
- (d) Proposed offers for sale of B-Retail Shares and ICPS to various parties by Cosway at an offer price of RM0.50 per B-Retail Share and RM0.50 per B-Retail ICPS respectively.
- (e) Proposed listing of and quotation for B-Retail's ordinary shares and ICPS on the Main Market of Bursa Securities.

The aforesaid proposals are inter-conditional to facilitate the proposed listing.

Singer Group are principally involved in the marketing and direct selling of consumer durables with instalment option schemes.

7-Eleven Group are principally involved in the operation of a chain of convenience stores.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd.

(i) Income statements

	Note	FYE 31.12.2007 RM'000 (Restated)	FYE 31.12.2008 RM'000 (Restated)	FYE 31.12.2009 RM'000 (Restated)
Revenue	6.2.3	908,257	1,084,571	1,162,353
Cost of sales		(681,105)	(805,536)	(848,083)
Gross profit		<u>227,152</u>	<u>279,035</u>	<u>314,270</u>
Other income		68,038	73,007	90,319
Selling and distribution expenses		(238,843)	(281,021)	(312,915)
Administrative and other operating expenses		(44,457)	(46,035)	(48,734)
Profit from operations	6.2.4	<u>11,890</u>	<u>24,986</u>	<u>42,940</u>
Finance costs	6.2.6	(1,480)	(3,000)	(7,469)
Profit before tax		<u>10,410</u>	<u>21,986</u>	<u>35,471</u>
Income tax expense	6.2.7	(4,757)	(7,779)	(11,591)
Profit for the year		<u>5,653</u>	<u>14,207</u>	<u>23,880</u>

Profit before tax is analysed as follows:

Profit before depreciation, amortisation and interest expenses	36,967	55,230	74,568
Depreciation	(25,051)	(30,215)	(31,601)
Amortisation	(26)	(29)	(27)
Interest expense	(1,480)	(3,000)	(7,469)
Profit before tax	<u>10,410</u>	<u>21,986</u>	<u>35,471</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(i) Income statements (cont'd.)

(a) Restatement of selling and distribution expenses

The income statement for the financial year ended 31 December 2007 have been restated for the presentation of selling and distribution expenses incurred by 7-Eleven as further disclosed in Note 6.2(i)(d).

(b) Restatement of administrative and other operating expenses

The income statements for the financial years ended 31 December 2007 and 2008 have been restated for the presentation of administrative and other operating expenses incurred by 7-Eleven as further disclosed in Note 6.2(i)(d).

(c) Restatement of income tax and deferred tax

Under/(over) provisions of income tax and deferred tax in respect of prior years have been restated to the financial years where the under/(over) provisions related to as further disclosed in Note 6.2(i)(d).

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(i) Income statements (cont'd.)

(d) Restatement effects on income statements

The presentation of selling and distribution expenses, administrative and other operating expenses and income tax expense of 7-Eleven have resulted in the following restatement for financial years ended 31 December 2007, 2008 and 2009:

	As previously stated RM'000	Adjust- ments RM'000	As restated RM'000
FYE 31 December 2007			
Selling and distribution expenses	220,178	18,665	238,843
Administrative and other operating expenses	62,608	(18,151)	44,457
Income tax expense	2,171	2,586	4,757
FYE 31 December 2008			
Administrative and other operating expenses	46,549	(514)	46,035
Income tax expense	10,668	(2,889)	7,779
FYE 31 December 2009			
Income tax expense	10,942	649	11,591

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(i) Income statements (cont'd.)

(e) Key financial ratios:

	FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009
Number of ordinary shares in issue (‘000) (Note (i))	35,000	35,000	35,000
Gross earnings per share (RM) (Note (ii))	0.30	0.63	1.01
Net earnings per share (RM) (Note (iii))	0.16	0.41	0.68
Gross profit margin (%)	25.01	25.73	27.04
Profit before tax margin (%)	1.15	2.03	3.05
Profit after tax margin (%)	0.62	1.31	2.05
Effective tax rate (%)	46	35	33

- (i) The number of share outstanding for the earnings per share computation has been retroactively adjusted for the effect of the bonus issue (arising in financial year ended 31 December 2008), pursuant to FRS 133: Earnings Per Share.
- (ii) The gross earnings per share is computed based on the profit before tax divided by the number of ordinary shares outstanding as at the end of the financial year.

The gross earnings per share for financial years ended 31 December 2007 and 2008 are computed based on the enlarged share capital (arising from bonus issue during financial year ended 2008) as at 31 December 2008, pursuant to FRS 133: Earnings Per Share.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(i) Income statements (cont'd.)

(e) Key financial ratios (cont'd.):

- (iii) The net earnings per share is computed based on the profit after tax divided by the number of ordinary shares outstanding as at the end of the financial year.

The net earnings per share for financial years ended 31 December 2007 and 2008 are computed based on the enlarged share capital (arising from bonus issue during financial year ended 2008) as at 31 December 2008, pursuant to FRS 133: Earnings Per Share.

(ii) Balance sheets

	Note	FYE 31.12.2007 RM'000 (Restated)	FYE 31.12.2008 RM'000 (Restated)	FYE 31.12.2009 RM'000
Assets				
Non-current assets				
Property, plant and equipment	6.2.8	132,344	147,657	139,143
Investment properties	6.2.9	175	171	167
Prepaid land lease payments	6.2.10	1,815	1,745	1,722
Investment in subsidiary companies	6.2.11	3,154	3,154	8,954
Other investments	6.2.12	1	1	1
		<u>137,489</u>	<u>152,728</u>	<u>149,987</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(ii) Balance sheets (cont'd.)

	Note	FYE 31.12.2007 RM'000 (Restated)	FYE 31.12.2008 RM'000 (Restated)	FYE 31.12.2009 RM'000
Current assets				
Inventories	6.2.13	75,050	98,141	82,323
Due from holding companies	6.2.14	11,464	152,105	166,482
Due from subsidiary companies	6.2.15	7,179	9,479	18,331
Other receivables	6.2.16	41,334	40,999	50,966
Tax recoverable		3,328	1,154	143
Short term investment	6.2.17	2,009	-	-
Cash and bank balances	6.2.18	52,507	22,800	16,920
		<u>192,871</u>	<u>324,678</u>	<u>335,165</u>
Total assets		<u>330,360</u>	<u>477,406</u>	<u>485,152</u>
Equity and liabilities				
Equity attributable to equity holder of 7-Eleven				
Share capital	6.2.19	5,000	35,000	35,000
Retained profits	6.2.20	21,659	5,866	29,746
Total equity		<u>26,659</u>	<u>40,866</u>	<u>64,746</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(ii) Balance sheets (cont'd.)

	Note	FYE 31.12.2007 RM'000 (Restated)	FYE 31.12.2008 RM'000 (Restated)	FYE 31.12.2009 RM'000
Non-current liabilities				
Provisions	6.2.21	6,307	7,125	7,508
Borrowings	6.2.22	8,435	14,965	13,709
Deferred tax liability	6.2.24	5,187	6,428	6,591
		<u>19,929</u>	<u>28,518</u>	<u>27,808</u>
Current liabilities				
Provisions	6.2.21	60	195	454
Borrowings	6.2.22	8,830	113,538	128,812
Due to a subsidiary company	6.2.15	3,416	4,467	6,679
Trade payables	6.2.25	229,837	248,832	214,012
Other payables	6.2.26	41,629	40,990	42,641
		<u>283,772</u>	<u>408,022</u>	<u>392,598</u>
Total liabilities		<u>303,701</u>	<u>436,540</u>	<u>420,406</u>
Total equity and liabilities		<u>330,360</u>	<u>477,406</u>	<u>485,152</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(ii) Balance sheets (cont'd.)

(a) Restatement of FRS 116: *Property, Plant and Equipment*

The balance sheet as at 31 December 2007 have been restated for the presentation of land and buildings used by 7-Eleven in the production or supply of goods or services or for administrative purposes pursuant to FRS 116: *Property, plant and equipment*. The amounts are disclosed in Note 6.2(ii)(c).

(b) Restatement of tax recoverable and deferred tax

The balance sheets as at 31 December 2007 and 2008 have restated the under/(over) provisions of income tax expense and deferred tax to the financial years where the provisions related to. The amounts are disclosed in Note 6.2(ii)(c).

(c) Restatement effects on balance sheets

The presentation of land and buildings used by 7-Eleven in the production or supply of goods or services or for administrative purposes pursuant to FRS 116: *Property, Plant and Equipment* and the adjustment of under/(over) provisions of income tax expense and deferred tax have resulted in the following restatement of the balance sheets for the opening balances as at 1 January 2007 and financial years ended 31 December 2007 and 2008:

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(ii) Balance sheets (cont'd.)

(c) Restatement effects on balance sheets (cont'd.)

	As previously stated RM'000	FRS 116 RM'000	Taxation RM'000	As restated RM'000
As at FYE 1 January 2007				
Retained profits	(15,660)	-	(346)	(16,006)
Tax recoverable	5,872	-	(26)	5,848
Deferred tax liabilities	(3,410)	-	372	(3,038)
As at FYE 31 December 2007				
Property, plant and equipment	131,486	858	-	132,344
Investment properties	1,033	(858)	-	175
Other payables	(41,115)	-	(514)	(41,629)
Retained profits	(24,413)	-	2,754	(21,659)
Tax recoverable	5,982	-	(2,643)	3,328
Deferred tax liability	(5,581)	-	394	(5,187)
As at FYE 31 December 2008				
Retained profits	(5,217)	-	(649)	(5,866)
Tax recoverable	493	-	661	1,154
Deferred tax liability	(6,416)	-	(12)	(6,428)

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(ii) Balance sheets (cont'd.)

(d) Key financial ratios:

	FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009
Key financial ratios:			
Average inventories turnover period (days)	36	39	40
Average trade payables turnover period (days)			
- Merchandise suppliers	102	91	82
Current ratio (times)	0.68	0.80	0.85
Debt-equity ratio (times)	0.65	3.14	2.20
Net tangible assets per share (RM) (Note (i))	0.71	1.12	1.80

- (i) The net tangible assets per share is computed based on the net tangible assets divided by the number of ordinary shares outstanding as at the end of the financial year.

The net tangible assets per share for financial years ended 31 December 2007 and 2008 are computed based on the enlarged share capital (arising from bonus issue during financial year ended 2008) as at 31 December 2008, pursuant to FRS 133: Earnings Per Share. The enlarged share capital consists of 35,000,000 ordinary shares of RM1 each.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(iii) Statements of changes in equity

	Share capital RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2007	5,000	16,006	21,006
Profit for the year, representing total recognised income and expense for the year	-	5,653	5,653
At 31 December 2007/1 January 2008	5,000	21,659	26,659
Profit for the year, representing total recognised income and expense for the year	-	14,207	14,207
Issue of ordinary shares (Note 6.2.19)	30,000	(30,000)	-
At 31 December 2008/1 January 2009	35,000	5,866	40,866
Profit for the year, representing total recognised income and expense for the year	-	23,880	23,880
At 31 December 2009	35,000	29,746	64,746

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(iv) Cash flow statements

	Unaudited FYE 31.12.2007 RM'000	Audited FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cash flows from operating activities			
Cash receipts from customers and other receivables	919,806	1,086,594	1,218,515
Cash paid to suppliers and employees	(856,738)	(1,042,387)	(1,188,433)
Cash generated from operations	63,068	44,207	30,082
Interest paid	(1,480)	(2,176)	(7,430)
Tax paid	(90)	(4,364)	(11,681)
Tax refund	-	-	1,264
Net cash generated from operating activities	61,498	37,667	12,235
Cash flows from investing activities			
Purchase of property, plant and equipment	(12,602)	(29,300)	(10,956)
Proceeds from disposal of property, plant and equipment	93	118	-
Purchase of short term investment	(2,017)	-	-
Proceeds from disposal of short term investments	-	2,027	-
Subscription to increase paid-up share capital of subsidiaries	-	-	(5,800)
Movement in intercompany balances	(9,331)	(141,890)	(6,990)
Interest received	845	5,400	284
Dividend received	17	-	-
Net cash used in investing activities	(22,995)	(163,645)	(23,462)

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(iv) Cash flow statements (cont'd.)

	Unaudited FYE 31.12.2007 RM'000	Audited FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cash flows from financing activities			
Proceeds from term loan	-	4,223	-
Proceeds from banker's acceptance	-	57,278	232,270
Proceeds from revolving credit	-	122,700	76,900
Repayment of term loan	(964)	(1,557)	(1,798)
Repayment of banker's acceptance	-	(26,781)	(217,875)
Repayment of revolving credit	-	(49,800)	(74,800)
Repayment of hire purchase and finance lease liabilities	(10,185)	(9,792)	(9,350)
Net cash (used in)/generated from financing activities	<u>(11,149)</u>	<u>96,271</u>	<u>5,347</u>
Net increase/(decrease) in cash and cash equivalents	27,354	(29,707)	(5,880)
Cash and cash equivalents at 1 January	<u>25,153</u>	<u>52,507</u>	<u>22,800</u>
Cash and cash equivalents at 31 December (Note 6.2.18)	<u>52,507</u>	<u>22,800</u>	<u>16,920</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(iv) Cash flow statements (cont'd.)

The cash flow statement included in the audited financial statements for financial year ended 31 December 2007 was presented using the indirect method in which net cash flow from operating activities was determined by adjusting profit for the effects of changes during the year in inventories and operating receivables and payables, non-cash items and all other items for which the cash effects are investing or financing cash flows.

The cash flow statement included in this report for financial year ended 31 December 2007 is presented using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed in order to conform with the presentation in the latest audited financial statements.

Cash flow statement of 7-Eleven for financial year ended 31 December 2007 using the direct method was not audited. The audited cash flow statements for financial year ended 31 December 2007 using the indirect method as presented below:

	Audited FYE 31.12.2007 RM'000 (Restated)
Cash flows from operating activities	
Profit before tax	10,410
Adjustments for:	
Depreciation for property, plant and equipment	25,051
Amortisation charge for investment properties	4
Amortisation of prepaid land lease payments	22
Plant and equipment written off	2
Provision for impairment of short term investments	9
Gain on disposal of property, plant and equipment	(93)
Impairment loss of property, plant and equipment	2,665

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(iv) Cash flow statements (cont'd.)

	Audited FYE 31.12.2007 RM'000 (Restated)
Cash flows from operating activities (cont'd.)	
Dividend income	(17)
Interest income	(845)
Interest expense	1,480
Operating profit before working capital changes	38,688
Increase in other receivables	(5,137)
Increase in inventories	(15,709)
Increase in trade and other payables	45,226
Cash generated from operations	63,068
Interest paid	(1,480)
Income tax paid	(90)
Net cash generated from operating activities	<u>61,498</u>
Cash flows from investing activities	
Purchase of plant and equipment	(12,602)
Acquisition of short term investment	(2,017)
Proceeds from disposal of property, plant and equipment	93
Dividend income	17
Interest received	845
Movement in intercompany balances	(9,331)
Net cash used in investing activities	<u>(22,995)</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

(iv) Cash flow statements (cont'd.)

	Audited FYE 31.12.2007 RM'000 (Restated)
Cash flows from financing activities	
Repayment of term loan	(964)
Repayment of hire purchase and finance lease liabilities	(10,185)
Net cash used in financing activities	<u>(11,149)</u>
Net increase in cash and cash equivalents	27,354
Cash and cash equivalents at 1 January	25,153
Cash and cash equivalents at 31 December (Note 6.2.18)	<u>52,507</u>

Restatement effects on cash flow statements

The cash flow statement for financial year ended 31 December 2007 has adjusted for administrative and other operating expenses of RM514,000 as disclosed in Notes 6.2(i)(d) and 6.2(ii)(c). This has resulted in the restatements of profit before tax and movement in trade and other payables as discussed below:

	As previously stated RM'000	Adjust- ments RM'000	As restated RM'000
FYE 31 December 2007			
Profit before tax	10,924	(514)	10,410
Trade and other payables	44,712	514	<u>45,226</u>



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements

6.2.1 Corporate information

The principal activities of 7-Eleven are the operating of convenience stores under the "7-Eleven" brand name and investment holdings.

The principal activities of the subsidiaries are described in Note 6.2.11.

There have been no significant changes in the nature of these activities during the financial year.

7-Eleven is a private limited liability company, incorporated and domiciled in Malaysia.

The principal place of business of 7-Eleven is located at Level 3A, Podium Block, Plaza Berjaya, No. 12 Jalan Imbi, 55100 Kuala Lumpur. The registered office of 7-Eleven is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

The immediate and ultimate holding companies of 7-Eleven are Premier Merchandise and HQZ Credit Sdn. Bhd. ("HQZ") respectively. Both are private limited liability corporations and incorporated in Malaysia. A director of 7-Eleven, TSVT, is a substantial shareholder of HQZ.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies

Basis of preparation

The financial statements of 7-Eleven have been prepared under the historical cost convention and comply with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

Summary of significant accounting policies

(a) Subsidiaries

Subsidiaries are entities over which 7-Eleven has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether 7-Eleven has such power over another entity.

In 7-Eleven's financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to 7-Eleven and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis calculated to write-off the cost of each asset to its residual value over its estimated useful life.

The principal annual rates of depreciation are:

Buildings	Over 50 years or the duration of the lease, whichever is shorter
Equipment	15%
Computer equipment	15% to 20%
Motor vehicles	20%
Furniture and fittings and renovation	10% or the duration of the lease, whichever is shorter

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(b) Property, plant and equipment and depreciation (cont'd.)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

(c) Investment properties

Investment property is land or buildings held by 7-Eleven or held under a finance lease, to earn rental income or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment property is provided for on a straight line basis to write off the cost to its residual value over its estimated useful life at the following periods:

Buildings	Over 50 years or the duration of the lease, whichever is shorter
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9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(c) Investment properties (cont'd.)

Upon the disposal of an item of investment property, the difference between the net disposal proceeds and the carrying amount is recognised in income statement.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 6.2.2(d).

(d) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(d) Impairment of non-financial assets (cont'd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the income statement in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

(e) Inventories

Inventories comprise trading goods and consumables and are stated at the lower of cost (determined on the first-in first-out basis) and net realisable value. Cost comprise the invoiced value of the inventories and incidental expenses. Net realisable value represents the estimated selling price less estimated costs necessary to make the sale.



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(f) Financial instruments

Financial instruments are recognised in the balance sheet when 7-Eleven has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividend, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when 7-Eleven has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks and deposits at call which have an insignificant risk of changes in value.

(ii) Non-current investments

Non-current investments other than investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 6.2.2(d).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(f) Financial instruments (cont'd.)

(iii) Short term investments

Short term investments are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of investments are recognised in the income statement. On disposal of investments, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(iv) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amount as at the balance sheet date.

(v) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(f) Financial instruments (cont'd.)

(vi) Interest bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(g) Lease

A lease is recognised as a finance lease if it transfers substantially to the 7-Eleven all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Land held for own use under an operating lease, the cost of which cannot be measured separately from the cost of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

**6. Historical financial information (cont'd.)****6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.2.2 Significant accounting policies (cont'd.)****Summary of significant accounting policies (cont'd.)****(g) Lease (cont'd.)****Finance leases - 7-Eleven as lessee**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, 7-Eleven's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 6.2.2(b).

Operating leases - 7-Eleven as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.2.2 Significant accounting policies (cont'd.)****Summary of significant accounting policies (cont'd.)****(g) Lease (cont'd.)****Operating leases - 7-Eleven as lessee (cont'd.)**

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Operating leases - 7-Eleven as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 6.2.2(m)(iii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 6.2.2(b).

Lease of land and building

The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building, are allocated between land and building elements in proportion to the relative fair values of the leasehold interest in the land element and the building element at the inception of the lease.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(g) Lease (cont'd.)

The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight-line basis, at the following annual rate:

Leasehold land	Based on lease periods ranging from 71 to 89 years
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For leases of land and building in which the amount that would initially be recognised for land element is immaterial, the land and building is treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

(h) Borrowing costs

Borrowing costs are recognised in the income statement in the period in which they are incurred.

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(i) Income tax (cont'd.)

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(j) Provisions

Provisions for liabilities are recognised when 7-Eleven has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(k) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of 7-Eleven. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, 7-Eleven makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(l) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of 7-Eleven are measured using the currency of the primary economic environment in which 7-Eleven operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also 7-Eleven's functional currency.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(l) Foreign currencies (cont'd.)

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items denominated in foreign currencies are translated at the rates prevailing on the date when the value was determined. All exchange gains or losses are taken to the income statement.

(m) Revenue recognition

Revenue is recognised to the extent that the probable economic benefits will flow to 7-Eleven and the amount of revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when significant risks of the general merchandise have been passed to the customers. Revenue relating to sale of general merchandise is recognised net of discounts and returns.

(ii) Commission income

Commission earned from services is recognised when the services are performed.

(iii) Rental income

Income from the rental of property is recognised on an accrual basis in accordance with the terms of the agreements.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(m) Revenue recognition (cont'd.)

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Franchise income

Revenue from franchised convenience stores under the "7-Eleven" brand name operated by franchisees include rent, royalties based on a percentage of gross sales and initial fees. Continuing rent and royalties are recognised in the period earned. Initial fees are recognised upon granting of a new franchise term, which is when 7-Eleven has performed substantially all initial services required by the franchise arrangement.

(vi) Dividend income

Dividend income is recognised when 7-Eleven's right to receive payment is established.

Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the 7-Eleven, which are:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments 58



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and

FRS 127: Consolidated and Separate Financial Statements: Cost of an

Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and

Cancellations

Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued

Operations

Amendment to FRS 8: Operating Segments

Amendment to FRS 107: Statement of Cash Flows

Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates

and Errors

Amendment to FRS 110: Events after the Reporting Period

Amendment to FRS 116: Property, Plant and Equipment

Amendment to FRS 117: Leases

Amendment to FRS 118: Revenue

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

**Effective for financial periods beginning on or after 1 January 2010
(cont'd.)**

Amendment to FRS 119: Employee Benefits
Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123: Borrowing Costs
Amendment to FRS 127: Consolidated and Separate Financial Statements
Amendment to FRS 128: Investments in Associates
Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131: Interests in Joint Ventures
Amendments to FRS 132: Financial Instruments: Presentation
Amendment to FRS 134: Interim Financial Reporting
Amendment to FRS 136: Impairment of Assets
Amendment to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
Amendment to FRS 140: Investment Property
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards (revised)

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138: Intangible Assets

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

7-Eleven plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of 7-Eleven upon their initial application:

FRS 3: *Business Combinations (revised)* and FRS 127: *Consolidated and Separate Financial Statements (amended)*

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

FRS 3: *Business Combinations (revised)* and FRS 127: *Consolidated and Separate Financial Statements (amended)* (cont'd.)

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS 127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

FRS 8: *Operating Segment*

FRS 8 replaces FRS 114₂₀₀₄: *Segment Reporting* and requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, 7-Eleven's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. As this is a disclosure standard, there will be no impact on the financial position or results of 7-Eleven.

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.2.2 Significant accounting policies (cont'd.)****Standards and Interpretations issued but not yet effective (cont'd.)****FRS 101: *Presentation of Financial Statements (revised)***

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. 7-Eleven is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of 7-Eleven.

FRS 123: *Borrowing Costs*

This Standard supersedes FRS 123₂₀₀₄: *Borrowing Costs* that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. 7-Eleven's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, 7-Eleven will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures* and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures*

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of 7-Eleven's exposure to risks, enhanced disclosure regarding components of 7-Eleven's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, 7-Eleven exempted from disclosing the possible impact to the financial statements upon the initial application.



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

Amendments to FRSs 'Improvements to FRSs (2009)'

- (i) **FRS 117: Leases:** Clarifies on the classification of leases of land and buildings. 7-Eleven is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, 7-Eleven shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, 7-Eleven is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. 7-Eleven is currently in the process of assessing the impact of this amendment.

Significant accounting estimates and judgements

(a) **Critical judgements made in applying accounting policies**

The following are the judgements made by management in the process of applying 7-Eleven's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) **Classification between investment properties and property, plant and equipment**

7-Eleven has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Significant accounting estimates and judgements (cont'd.)

(a) Critical judgements made in applying accounting policies (cont'd.)

(i) Classification between investment properties and property, plant and equipment (cont'd.)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), 7-Eleven would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production of supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.2.2 Significant accounting policies (cont'd.)****Significant accounting estimates and judgements (cont'd.)****(b) Key sources of estimation uncertainty (cont'd.)****(i) Depreciation of property and equipment**

Property and equipment are depreciated or amortised on a straight-line basis over their useful lives based on management's estimates of the period over which the assets will generate revenue (not to exceed lease term plus options for leased property). The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. 7-Eleven periodically reviews these lives relative to physical factors, economic factors and industry trends. If there are changes in the planned use of property and equipment, or if technological changes occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortisation expense or write-offs in future periods.

(ii) Allowance for doubtful debts

7-Eleven makes an allowance for doubtful receivables based on the assessment of recoverability of receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of the irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables. The carrying value of 7-Eleven's receivables at the balance sheet dates are disclosed in Notes 6.2.14, 6.2.15 and 6.2.16.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(iii) Provision for restoration costs

7-Eleven leases convenience stores under operating leases. 7-Eleven provides for an estimate of restoration costs expense at the lease inception date for operating leases with requirements to remove leasehold improvements at the end of the lease term.

Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs. Future actual costs could differ significantly from amounts initially estimated.

(iv) Provision for incentives and rebates

7-Eleven receives incentives and rebates from suppliers for various programs, primarily volume incentives, display and promotional incentives, prompt payment discounts and warehouse allowances.

Certain provision for incentives and rebates recognised to income statements were estimated. Actual amounts received from suppliers could differ from the amounts initially estimated.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.2 Significant accounting policies (cont'd.)

Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(v) Provision for inventory losses

Provision for inventory losses is estimated based on the best available facts and circumstances. The provision is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amounts of 7-Eleven's inventories as at the balance sheet dates are as disclosed in Note 6.2.13.

(vi) Litigation accruals

From time to time, 7-Eleven is subject to proceedings, lawsuits and other claims, related but not limited to, suppliers. 7-Eleven is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in approach such as change in settlement strategy in dealing with these matters. 7-Eleven does not believe that any such matter currently being reviewed will have a material adverse effect on its financial condition or results of operations.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.3 Revenue

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Sale of goods	882,332	1,053,422	1,130,710
Commission income	25,925	31,149	31,643
	<u>908,257</u>	<u>1,084,571</u>	<u>1,162,353</u>

6.2.4 Profit from operations

Profit from operations is arrived at after charging/(crediting):

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Auditors' remuneration			
- statutory audit	85	130	150
- special audit	-	-	90
Bad debts written off	690	1,784	1,726
Depreciation for property, plant and equipment	25,051	30,215	31,601
Impairment loss of property, plant and equipment	2,665	-	-
Amortisation charge for investment properties	4	4	4
Amortisation charge for prepaid land lease payments	22	25	23
Plant and equipment written off	2	-	-
Rental of premises	39,015	43,758	47,210

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.4 Profit from operations (cont'd.)

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Royalty	9,082	10,846	11,624
Staff costs, including executive directors remuneration (Note 6.2.5)	116,715	133,401	145,545
Provision for doubtful debts	-	748	-
Provision of impairment losses on short term investments	8	-	-
Compensation received*	(10,000)	-	-
Gain on disposal of property, plant and equipment	(93)	(112)	-
Gain on disposal of short term investment	-	(18)	-
Realised foreign exchange gain	(15)	-	-
Interest income			
- fixed deposits	(845)	(633)	(284)
- advance to holding companies	(313)	(4,610)	(12,998)
- advance to subsidiary companies	-	(157)	(526)
Rental income	(1,543)	(1,492)	(1,460)
Dividend income	(17)	-	-
Franchise income			
- initial fees	-	-	(4,900)

* During the financial year ended 31 December 2007, 7-Eleven received compensation from an owner of 44 premises for an amount of RM10 million pursuant to 7-Eleven's agreement to accede to the request from the said owner to vary and amend the terms of the Master Agreement in the manner as set out in the Second Supplemental Agreement dated 6 July 2007.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.5 Staff costs

(i) Staff costs (Note 6.2.4):

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Wages, salaries and other allowances	99,018	114,487	125,709
Pension costs - defined contribution plans	10,716	10,458	12,064
Social security costs and employees insurance	1,994	2,488	2,794
Compensated absences	222	210	(196)
Other staff emoluments	4,765	5,758	5,174
	<u>116,715</u>	<u>133,401</u>	<u>145,545</u>

Included in the staff costs of 7-Eleven are executive directors' remuneration as further disclosed in Note 6.2.5(ii).

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.5 Staff costs (cont'd.)

(ii) Directors' remuneration (Note 6.2.5(i)):

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Executive directors' remuneration:			
Salaries	690	909	930
Other emolument	381	348	360
Benefits-in-kind	38	53	44
	<u>1,109</u>	<u>1,310</u>	<u>1,334</u>
Non-executive directors' remuneration:			
Fees	-	110	136
Total directors' remuneration	<u>1,109</u>	<u>1,420</u>	<u>1,470</u>

6.2.6 Finance costs

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Interest expense on:			
Hire purchase and finance lease liabilities	1,130	1,038	1,460
Term loans	350	445	1,755
Bankers' acceptances	-	618	3,547
Revolving credits	-	899	220
Due to a subsidiary	-	-	487
	<u>1,480</u>	<u>3,000</u>	<u>7,469</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.7 Income tax expense

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Income tax:			
Current year provision	2,608	6,538	11,428
Deferred tax (Note 6.2.24):			
Relating to origination and reversal of temporary differences	2,261	1,440	163
Relating to changes in tax rates	(112)	(199)	-
	<u>2,149</u>	<u>1,241</u>	<u>163</u>
	<u>4,757</u>	<u>7,779</u>	<u>11,591</u>

Domestic current income tax is calculated at the statutory tax rate set out below:

	Year of assessment		
	31.12.2007	31.12.2008	31.12.2009
	%	%	%
Statutory tax rate	<u>27</u>	<u>26</u>	<u>25</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.7 Income tax expense (cont'd.)

Reconciliations of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of 7-Eleven are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Profit before tax	10,410	21,986	35,471
Taxation at Malaysian statutory tax rate	2,811	5,716	8,868
Effect of changes in tax rates	(102)	(57)	-
Effect of changes in tax rates on opening balance of deferred tax	(112)	(199)	-
Expenses not deductible for tax purposes	2,160	2,319	2,723
Tax expense for the year	4,757	7,779	11,591

9. ACCOUNTANTS' REPORT (CONT'D)
6. Historical financial information (cont'd.)
6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)
Notes to the financial statements (cont'd.)
6.2.8 Property, plant and equipment

At 31 December 2007	Land and buildings* RM'000	Furniture, fittings, equipment and computer equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Cost						
At 1 January 2007	12,022	161,744	1,249	64,432	2,645	242,092
Additions	-	11,733	296	4,997	-	17,026
Disposal	(4,458)	-	(212)	-	-	(4,670)
Write off	-	(4)	-	-	-	(4)
Reclassification	1,818	-	-	-	(1,818)	-
At 31 December 2007	9,382	173,473	1,333	69,429	827	254,444
Accumulated depreciation and impairment losses						
At 1 January 2007	189	71,067	899	22,467	-	94,622
Charge for the year	85	18,074	142	6,750	-	25,051
Impairment losses recognised in the income statement	-	1,526	-	1,139	-	2,665
Disposal	(24)	-	(212)	-	-	(236)
Write off	-	(2)	-	-	-	(2)
At 31 December 2007	250	90,665	829	30,356	-	122,100
Net carrying amount						
At 31 December 2007	9,132	82,808	504	39,073	827	132,344

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9. ACCOUNTANTS' REPORT (CONT'D)
6. Historical financial information (cont'd.)
6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)
Notes to the financial statements (cont'd.)
6.2.8 Property, plant and equipment (cont'd.)
At 31 December 2008

Cost	Land and buildings* RM'000	Furniture, fittings, equipment and computer equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
At 1 January 2008	9,382	173,473	1,333	69,429	827	254,444
Additions	26	35,130	813	9,520	-	45,489
Disposal	-	(15)	(532)	-	-	(547)
Transfer from prepaid land lease payments (Note 6.2.10)	45	-	-	-	-	45
Reclassification	-	827	-	-	(827)	-
At 31 December 2008	9,453	209,415	1,614	78,949	-	299,431

Accumulated depreciation and impairment losses

At 1 January 2008	250	90,665	829	30,356	-	122,100
Charge for the year	70	22,700	252	7,193	-	30,215
Disposal	-	(9)	(532)	-	-	(541)
At 31 December 2008	320	113,356	549	37,549	-	151,774
Net carrying amount						
At 31 December 2008	9,133	96,059	1,065	41,400	-	147,657

9. ACCOUNTANTS' REPORT (CONT'D)
6. Historical financial information (cont'd.)
6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)
Notes to the financial statements (cont'd.)
6.2.8 Property, plant and equipment (cont'd.)

	Land and buildings* RM'000	Furniture, fittings, and equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
At 31 December 2009					
Cost					
At 1 January 2009	9,453	209,415	1,614	78,949	299,431
Additions	-	16,146	-	6,941	23,087
At 31 December 2009	9,453	225,561	1,614	85,890	322,518
Accumulated depreciation and impairment losses					
At 1 January 2009	320	113,356	549	37,549	151,774
Charge for the year	87	24,047	309	7,158	31,601
At 31 December 2009	407	137,403	858	44,707	183,375
Net carrying amount					
At 31 December 2009	9,046	88,158	756	41,183	139,143

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.8 Property, plant and equipment (cont'd.)

* Land and buildings

	Freehold land RM'000	Buildings RM'000	Total RM'000
At FYE 31 December 2007			
Cost			
At 1 January 2007	7,800	4,222	12,022
Disposal	(3,244)	(1,214)	(4,458)
Reclassified from capital work-in-progress	556	1,262	1,818
At 31 December 2007	<u>5,112</u>	<u>4,270</u>	<u>9,382</u>
Accumulated depreciation and impairment losses			
At 1 January 2007	-	189	189
Charge for the year	-	85	85
Disposal	-	(24)	(24)
At 31 December 2007	<u>-</u>	<u>250</u>	<u>250</u>
Net carrying amount			
At 31 December 2007	<u>5,112</u>	<u>4,020</u>	<u>9,132</u>
At FYE 31 December 2008			
Cost			
At 1 January 2008	5,112	4,270	9,382
Additions	4	22	26
Transfer from prepaid land lease payments (Note 6.2.10)	(35)	80	45
At 31 December 2008	<u>5,081</u>	<u>4,372</u>	<u>9,453</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.8 Property, plant and equipment (cont'd.)

* Land and buildings (cont'd.)

	Freehold land RM'000	Buildings RM'000	Total RM'000
Accumulated depreciation and impairment losses			
At 1 January 2008	-	250	250
Charge for the year	-	70	70
At 31 December 2008	<u>-</u>	<u>320</u>	<u>320</u>
Net carrying amount			
At 31 December 2008	<u>5,081</u>	<u>4,052</u>	<u>9,133</u>
At FYE 31 December 2009			
Cost			
At 1 January/31 December 2009	<u>5,081</u>	<u>4,372</u>	<u>9,453</u>
Accumulated depreciation and impairment losses			
At 1 January 2009	-	320	320
Charge for the year	-	87	87
At 31 December 2009	<u>-</u>	<u>407</u>	<u>407</u>
Net carrying amount			
At 31 December 2009	<u>5,081</u>	<u>3,965</u>	<u>9,046</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.8 Property, plant and equipment (cont'd.)

- (i) Included in property, plant and equipment of 7-Eleven are fully depreciated property, plant and equipment which are still in use as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
At cost			
Fully depreciated property, plant and equipment	39,421	41,730	46,541

- (ii) 7-Eleven acquired property, plant and equipment by the following means:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cash	12,602	29,280	10,956
Hire purchase and finance leases	3,573	14,967	8,671
Other payables	544	289	2,818
Capitalisation of restoration costs (Note 6.2.21)	307	953	642
	<u>17,026</u>	<u>45,489</u>	<u>23,087</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.8 Property, plant and equipment (cont'd.)

- (iii) Net carrying amount of property, plant and equipment held under hire purchase and finance lease arrangements (Note 6.2.23) are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Computer equipment	28,467	34,049	33,218
Motor vehicles	221	697	525
	<u>28,688</u>	<u>34,746</u>	<u>33,743</u>

- (iv) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 6.2.22) are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Freehold land	4,442	4,442	4,442
Buildings	2,749	2,556	2,500
	<u>7,191</u>	<u>7,000</u>	<u>6,942</u>

- (v) On 3 September 2007, 7-Eleven disposed one unit of 2-storey terrace shophouse and one unit of 4-storey shophouse with total net carrying amount of RM4,434,215 to a subsidiary at total consideration of RM880,095 and RM3,584,422 respectively. The disposal of land and buildings had resulted in a gain of RM30,302 which had been recognised to the income statement for the financial year ended 31 December 2007.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.9 Investment properties

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Leasehold buildings			
Cost			
At 1 January/31 December	205	205	205
Accumulated amortisation			
At 1 January	26	30	34
Amortisation	4	4	4
At 31 December	30	34	38
Net carrying amount			
At 31 December	175	171	167

Fair value of investment properties of 7-Eleven as at 31 December 2007 was estimated by the directors based on market values of comparable properties, to be approximately RM180,000.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.9 Investment properties (cont'd.)

For the financial years ended 31 December 2008 and 2009, investment properties were estimated by the directors based on professional valuation report using the comparison method of valuation and based on market values of comparable properties. As at 31 December 2008 and 2009, the fair value of the investment properties was estimated to be RM295,000.

6.2.10 Prepaid land lease payments

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cost			
At 1 January	1,860	1,860	1,815
Transfer to property, plant and equipment (Note 6.2.8)	-	(45)	-
At 31 December	<u>1,860</u>	<u>1,815</u>	<u>1,815</u>
Accumulated amortisation			
At 1 January	23	45	70
Amortisation charge for the year	22	25	23
At 31 December	<u>45</u>	<u>70</u>	<u>93</u>
Net carrying amount			
At 31 December	<u>1,815</u>	<u>1,745</u>	<u>1,722</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.10 Prepaid land lease payments (cont'd.)

The net carrying amounts of prepaid land lease payments pledged as securities for borrowings (Note 6.2.22) are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Prepaid land lease payments	<u>1,742</u>	<u>1,673</u>	<u>1,651</u>

6.2.11 Investment in subsidiary companies

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Unquoted shares, at cost	<u>3,154</u>	<u>3,154</u>	<u>8,954</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.11 Investment in subsidiary companies (cont'd.)

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest			Principal activity
		FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009	
Convenience Shopping (Sabah) Sdn. Bhd.	Malaysia	100%	100%	100%	Operating of convenience stores under the "7-Eleven" brand name in Sabah
7 Properties Sdn. Bhd. (Formerly known as 7-Connect Sdn. Bhd.)	Malaysia	100%	100%	100%	Real property investments
Teluk Juara Sdn. Bhd.	Malaysia	-	-	100%	Note (i)

- (i) On 27 February 2009, 7-Eleven acquired 100% equity interest or 2 ordinary shares of RM1 each in Teluk Juara for a total cash consideration of RM2.

Subsequent to 7-Eleven's acquisition of Teluk Juara, the subsidiary increased its issued and paid up share capital from RM2 to RM3,000,000 by way of issuance of 2,999,998 ordinary shares of RM1 each at par which were entirely allocated to 7-Eleven by capitalisation of intercompany debts.

The intended principal activities of Teluk Juara are property investment, warehousing and distribution of merchandise. During FYE 31 December 2009, Teluk Juara acquired a parcel of freehold land.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.11 Investment in subsidiary companies (cont'd)

- (ii) During the FYE 31 December 2009, 7 Properties increased its issued and paid up share capital from RM200,000 to RM3,000,000 by way of issuance of 2,800,000 ordinary shares of RM1 each at par which were entirely allocated to 7-Eleven by capitalisation of intercompany debts.

On 1 April 2010, 7 Properties changed its name from 7-Connect Sdn. Bhd. to 7 Properties Sdn. Bhd.

6.2.12 Other investments

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Unquoted shares in Malaysia, at cost	1	1	1

6.2.13 Inventories

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
At cost:			
General merchandise held for resale	73,140	96,154	81,387
Consumables	1,910	1,987	936
	<u>75,050</u>	<u>98,141</u>	<u>82,323</u>
Cost of inventories recognised as an expense	<u>681,105</u>	<u>805,536</u>	<u>848,083</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.14 Due from holding companies

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Due from ultimate holding company, HQZ Credit Sdn. Bhd. ("HQZ")	10,313	42,290	47,105
Due from penultimate holding company, Intan Utilities Berhad ("Intan Utilities")	1,092	1,092	1,179
Due from immediate holding company, Premier Merchandise Sdn. Bhd. ("Premier Merchandise")	59	108,723	118,198
	<u>11,464</u>	<u>152,105</u>	<u>166,482</u>

- (i) The amounts due from holding companies are unsecured, interest free and have no fixed terms of repayment except for the amounts due from HQZ as at 31 December 2007, 2008 and 2009, Premier Merchandise as at 31 December 2008 and 2009 and Intan Utilities as at 31 December 2009 which bore interest at the following rates:

	FYE 31.12.2007 %	FYE 31.12.2008 %	FYE 31.12.2009 %
Interest rate per annum			
Due from HQZ	8	8	8
Due from Intan Utilities	-	-	8
Due from Premier Merchandise	-	8	8

- (ii) A director of 7-Eleven, TSVT, is a substantial shareholder of HQZ.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.15 Due from/(to) subsidiary companies

The amounts due from subsidiary companies are unsecured, interest free and have no fixed terms of repayment except for the amounts outstanding as at 31 December 2008 and 2009 which bore interest at 5.15% to 5.25% and 3.87% to 5.5% per annum respectively.

The amount due to a subsidiary company is unsecured, interest free and has no fixed terms of repayment except for the amount outstanding as at 31 December 2009 which bore interest at 5.5% per annum.

6.2.16 Other receivables

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Sundry receivables	21,758	20,847	30,890
Deposits	15,684	17,470	17,258
Prepayments	4,112	3,430	2,818
	<u>41,554</u>	<u>41,747</u>	<u>50,966</u>
Less: Provision for doubtful debts	(220)	(748)	-
	<u>41,334</u>	<u>40,999</u>	<u>50,966</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.16 Other receivables (cont'd.)

Included in other receivables are amounts due from related parties:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Due from:			
- Nural Enterprise Sdn. Bhd. ("NESB") (Note (i))	292	292	311
- Berjaya TS Management Sdn. Bhd. ("BTMSB") (Note (ii))	99	241	327
- B-Retail (Note (iii))	-	-	1,185
	<u> </u>	<u> </u>	<u> </u>

- (i) NESB is a subsidiary of BCorporation in which TSVT, Chan Kien Sing ("CKS") and Dato' Azlan Meah Bin Hj. Ahmed Meah ("DAM") are directors.
- (ii) BTMSB is a subsidiary of Berjaya Assets Berhad (formerly known as Matrix International Berhad) ("BAssets") in which CKS is a director. TSVT is also a substantial shareholder of BCorporation and BAssets.
- (iii) B-Retail is a related party in which CKS, Ng Su Onn, DAM and Tan U-Ming are directors.

7-Eleven has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Further details on related party transactions are disclosed in Note 6.2.27(a).

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.17 Short term investment

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Quoted investment in Malaysia, at cost - unit trust fund	2,009	-	-
Market value	2,009	-	-

6.2.18 Cash and bank balances

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cash on hand and at banks	47,007	21,368	16,920
Deposits with a licensed bank	500	1,432	-
Deposits with a licensed financial institution	5,000	-	-
	<u>52,507</u>	<u>22,800</u>	<u>16,920</u>

The maturities of deposits as at the end of the financial years were as follows:

	FYE 31.12.2007 Days	FYE 31.12.2008 Days	FYE 31.12.2009 Days
Deposits with a licensed bank	17	1	-
Deposits with a licensed financial institution	14	-	-

Other information on financial risks of deposits are disclosed in Note 6.2.30(b).

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.19 Share capital

	Number of ordinary share of RM1 each		
	FYE 31.12.2007 '000	FYE 31.12.2008 '000	FYE 31.12.2009 '000
Authorised			
At 1 January	5,000	5,000	50,000
Additions	-	45,000	-
At 31 December	<u>5,000</u>	<u>50,000</u>	<u>50,000</u>
Issued and fully paid up			
At 1 January	5,000	5,000	35,000
Issued during the year	-	30,000	-
At 31 December	<u>5,000</u>	<u>35,000</u>	<u>35,000</u>
	Amount		
	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Authorised			
At 1 January	5,000	5,000	50,000
Additions	-	45,000	-
At 31 December	<u>5,000</u>	<u>50,000</u>	<u>50,000</u>
Issued and fully paid up			
At 1 January	5,000	5,000	35,000
Issued during the year	-	30,000	-
At 31 December	<u>5,000</u>	<u>35,000</u>	<u>35,000</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.19 Share capital (cont'd.)

During FYE 31 December 2008, 7-Eleven increased its:

- (i) authorised ordinary share capital from RM5,000,000 to RM50,000,000 through the creation of 45,000,000 ordinary shares of RM1 each; and
- (ii) issued and paid-up ordinary share capital from RM5,000,000 to RM35,000,000 by way of the issuance of 30,000,000 ordinary shares of RM1 each through bonus issue. The bonus issue was allotted to the sole shareholder of 7-Eleven, Premier Merchandise and was paid in full at par by capitalising a sum of RM30,000,000 from the retained profits of 7-Eleven as at 31 July 2008.

The new ordinary shares issued during the financial year ranked *pari passu* in all respects with the existing ordinary shares of 7-Eleven.

6.2.20 Retained profits

Prior to the year of assessment 2007, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

9. ACCOUNTANTS' REPORT (CONT'D)



6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.20 Retained profits (cont'd.)

7-Eleven did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, 7-Eleven may utilise the credit in the Section 108 balance as at 31 December 2007, 2008 and 2009 to distribute cash dividend payments to ordinary shareholding as defined under the Finance Act 2007.

As at 31 December 2007, 2008 and 2009, 7-Eleven has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained profits.

6.2.21 Provisions

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
At 1 January	6,060	6,367	7,320
Provisions (Note 6.2.8)	307	953	642
At 31 December	<u>6,367</u>	<u>7,320</u>	<u>7,962</u>

The remaining maturities of the provisions are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Current	<u>60</u>	<u>195</u>	<u>454</u>
Non-current:			
Later than 1 year but not later than 2 years	195	615	495
Later than 2 years but not later than 5 years	886	698	908
Later than 5 years	5,226	5,812	6,105
	<u>6,307</u>	<u>7,125</u>	<u>7,508</u>
	<u>6,367</u>	<u>7,320</u>	<u>7,962</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.21 Provisions (cont'd.)

Provisions represent the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the use of such assets, which are capitalised and included in the cost of property, plant and equipment.

6.2.22 Borrowings

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Short term borrowings			
Secured:			
Term loan	1,027	1,799	1,167
Hire purchase and finance lease liabilities (Note 6.2.23)	7,803	8,342	7,753
Banker's acceptance	-	30,497	44,892
Revolving credit	-	72,900	75,000
	<u>8,830</u>	<u>113,538</u>	<u>128,812</u>
Long term borrowings			
Secured:			
Term loan	3,942	5,836	4,670
Hire purchase and finance lease liabilities (Note 6.2.23)	4,493	9,129	9,039
	<u>8,435</u>	<u>14,965</u>	<u>13,709</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.22 Borrowings (cont'd.)

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Total borrowings			
Term loan	4,969	7,635	5,837
Hire purchase and finance lease liabilities (Note 6.2.23)	12,296	17,471	16,792
Banker's acceptance	-	30,497	44,892
Revolving credit	-	72,900	75,000
	<u>17,265</u>	<u>128,503</u>	<u>142,521</u>
At 31 December			
Term loan			
Current	<u>1,027</u>	<u>1,799</u>	<u>1,167</u>
Non-current:			
Later than 1 year but not later than 2 years	2,262	1,737	1,679
Later than 2 years but not later than 5 years	1,680	3,388	2,991
Later than 5 years	-	711	-
	<u>3,942</u>	<u>5,836</u>	<u>4,670</u>
	<u>4,969</u>	<u>7,635</u>	<u>5,837</u>

The borrowings of 7-Eleven are secured by the followings:

- (i) First legal charge over the freehold land and buildings of 7-Eleven, as disclosed in Note 6.2.8(iv); and
- (ii) First legal charge over the prepaid land lease payments of 7-Eleven, as disclosed in Note 6.2.10; and

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.22 Borrowings (cont'd.)

- (iii) First legal charge over the freehold land and buildings and leasehold buildings of a subsidiary. The net carrying amounts of the subsidiary's properties pledged as securities for borrowings are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Subsidiary's properties	<u>5,529</u>	<u>3,867</u>	<u>3,824</u>

- (iv) First legal charge over 7-Eleven's computer equipment and motor vehicles acquired by means of finance lease liabilities, as disclosed in Note 6.2.8(iii).

- (v) Quoted shares held by the immediate holding company and a director, TSVT. The market values of the quoted shares pledged as securities for borrowings are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Quoted shares	<u>-</u>	<u>186,586</u>	<u>93,256</u>

Other information on financial risks of borrowings are disclosed in Note 6.2.30(b).

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.23 Hire purchase and finance lease liabilities

The future minimum lease payments of hire purchase and finance lease liabilities are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Not later than 1 year	8,348	9,270	8,892
Later than 1 year but not later than 2 years	4,274	5,906	6,032
Later than 2 years but not later than 5 years	366	4,261	4,092
	<u>12,988</u>	<u>19,437</u>	<u>19,016</u>
Less: Future finance charges	(692)	(1,966)	(2,224)
	<u>12,296</u>	<u>17,471</u>	<u>16,792</u>

**Analysis of present value of
finance lease liabilities
(Note 6.2.22)**

Current	<u>7,803</u>	<u>8,342</u>	<u>7,753</u>
Non-current:			
Later than 1 year and not not later than 2 years	4,147	5,327	5,408
Later than 2 years and not not later than 5 years	346	3,802	3,631
	<u>4,493</u>	<u>9,129</u>	<u>9,039</u>
	<u>12,296</u>	<u>17,471</u>	<u>16,792</u>

Other information on financial risks of borrowings are disclosed in Note 6.2.30(b).

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.24 Deferred tax liability

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
At 1 January	3,038	5,187	6,428
Recognised in the income statement (Note 6.2.7)	2,149	1,241	163
At 31 December	<u>5,187</u>	<u>6,428</u>	<u>6,591</u>

The components and movements of deferred tax assets and liability prior to offsetting are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Deferred tax assets			
Receivables	(58)	-	-
Provisions	(1,216)	(1,791)	(1,858)
Unabsorbed capital allowances	(206)	-	-
	<u>(1,480)</u>	<u>(1,791)</u>	<u>(1,858)</u>
Deferred tax liability			
Property, plant and equipment	6,667	8,219	8,449
	<u>5,187</u>	<u>6,428</u>	<u>6,591</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.24 Deferred tax liability (cont'd.)

	At beginning of year RM'000	Recognised in income statement RM'000	At end of year RM'000
FYE 31 December 2007			
Deferred tax assets	(60)	2	(58)
Receivables	(947)	(269)	(1,216)
Provisions	(502)	296	(206)
Unabsorbed capital allowance	<u>(1,509)</u>	<u>29</u>	<u>(1,480)</u>
Deferred tax liability	4,547	2,120	6,667
Property, plant and equipment	<u>3,038</u>	<u>2,149</u>	<u>5,187</u>
FYE 31 December 2008			
Deferred tax assets			
Receivables	(58)	58	-
Provisions	(1,216)	(575)	(1,791)
Unabsorbed capital allowance	(206)	206	-
	<u>(1,480)</u>	<u>(311)</u>	<u>(1,791)</u>
Deferred tax liability			
Property, plant and equipment	6,667	1,552	8,219
	<u>5,187</u>	<u>1,241</u>	<u>6,428</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.24 Deferred tax liability (cont'd.)

	At beginning of year RM'000	Recognised in income statement RM'000	At end of year RM'000
FYE 31 December 2009			
Deferred tax asset			
Provisions	(1,791)	(67)	(1,858)
Deferred tax liability			
Property, plant and equipment	8,219	230	8,449
	<u>6,428</u>	<u>163</u>	<u>6,591</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.25 Trade payables

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Merchandise suppliers	209,733	193,480	181,420
Phone reload coupon suppliers	20,104	55,352	32,592
	<u>229,837</u>	<u>248,832</u>	<u>214,012</u>

The normal trade credit terms granted to 7-Eleven are as follows:

	FYE 31.12.2007 Days	FYE 31.12.2008 Days	FYE 31.12.2009 Days
Merchandise suppliers	30 - 90	30 - 60	30 - 60
Phone reload coupon suppliers	7 - 30	7 - 30	7 - 30

The normal trade credit terms granted to 7-Eleven ranged from 30 to 60 days. However, suppliers will generally extend their credit terms to 90 days upon request by 7-Eleven.

Included in trade payables of 7-Eleven is an amount due to MOL AccessPortal Berhad, a company in which TSVT is deemed to have an interest.

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Due to MOL AccessPortal Berhad	<u>4,828</u>	<u>19,795</u>	<u>4,794</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.26 Other payables

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Sundry payables	30,697	28,474	22,109
Accruals	7,131	10,148	18,099
Royalties payable	1,585	1,943	1,032
Refundable deposits	2,216	425	1,401
	<u>41,629</u>	<u>40,990</u>	<u>42,641</u>

Included in other payables are balances in respect of transactions with companies in which TSVT is deemed interested:

	Type of transaction	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
SecureExpress Services Sdn Bhd	Transportation costs	583	812	887
Berjaya Sompo Insurance Berhad	Insurance premium	6	46	-
Topaire Sales & Services Sdn Bhd	Purchase of store equipment	75	147	-
Nural Enterprise Sdn Bhd	Rental expenses	98	-	-
B&B Enterprise	Advance	-	<u>3,000</u>	<u>3,000</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.27 Significant related party transactions

(a) Significant related party transactions

	Type of transaction	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
With ultimate holding company in which TSVT is a substantial shareholder				
HQZ Credit Sdn Bhd	Intercompany advances, net (due from)	10,000	29,501	999
HQZ Credit Sdn Bhd	Interest income	(313)	(2,476)	(3,816)
With penultimate holding company*				
Intan Utilities Berhad	Interest income	-	-	(87)
With immediate holding company*				
Premier Merchandise Sdn Bhd	Payment on behalf for purchased of investments, net (due from)	-	106,530	80
Premier Merchandise Sdn Bhd	Interest income	-	(2,134)	(9,095)

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.27 Significant related party transactions (cont'd.)

(a) Significant related party transactions (cont'd.)

	Type of transaction	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
With subsidiary companies*				
Convenience Shopping (Sabah) Sdn Bhd	Intercompany advances, net (due to)	1,688	1,051	1,725
Convenience Shopping (Sabah) Sdn Bhd	Interest expense	-	-	487
7 Properties Sdn Bhd [^]	Sale of properties	4,465	-	-
7 Properties Sdn Bhd [^]	Intercompany advances (due from)	1,684	2,143	463
7 Properties Sdn Bhd [^]	Interest income	-	(157)	(287)
Teluk Juara Sdn Bhd	Intercompany advances (due from)	-	-	7,861
Teluk Juara Sdn Bhd	Interest income	-	-	(239)

[^] Formerly known as 7-Connect Sdn Bhd

* TSVT, a substantial shareholder of the ultimate holding company, is also deemed interested in the penultimate holding company and subsidiary companies.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.27 Significant related party transactions (cont'd.)

(a) Significant related party transactions (cont'd.)

	Type of transaction	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
With related party in which TSVT, a substantial shareholder of the ultimate holding company, is deemed interested				
B&B Enterprise	Purchase of motor vehicles	-	435	-
B&B Enterprise	Advances (due to)	-	3,000	-
With companies in which TSVT, a substantial shareholder of the ultimate holding company, is deemed interested				
MOL AccessPortal Berhad	Commission income for sale of phone reload coupon and exclusive distribution fees	(5,333)	(14,805)	(17,863)
MOL AccessPortal Berhad	Managing the distribution of phone reload sales	105,001	295,569	291,900

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.27 Significant related party transactions (cont'd.)

(a) Significant related party transactions (cont'd.)

	Type of transaction	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Prime Credit Leasing Sdn Bhd	Leasing facility for point-of-sales computer system			
	- Drawdown	-	3,789	4,578
	- Lease interest	-	83	360
SecureExpress Services Sdn Bhd	Transportation costs	6,428	9,849	9,069
Berjaya Sompo Insurance Berhad	Insurance premium	1,547	1,729	1,942
Topaire Sales & Services Sdn Bhd	Purchase of store equipment	533	523	-
Nural Enterprise Sdn Bhd	Rental expenses	1,184	1,331	1,278
Wen Berjaya Sdn Bhd (formerly known as Nadi Klasik Sdn Bhd)	Payment on behalf for staff costs	42	-	-
Singer (M) Sdn Bhd	Store equipment	101	176	115
Cosway (M) Sdn Bhd	Rental income	(555)	(521)	(611)
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9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.27 Significant related party transactions (cont'd.)

(a) Significant related party transactions (cont'd.)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on negotiated terms and conditions.

Information regarding outstanding balances arising from related party transactions as at 31 December 2007, 2008 and 2009 are disclosed in Notes 6.2.14, 6.2.15, 6.2.16, 6.2.25 and 6.2.26. These transactions were entered into in the normal course of business and have been established on negotiated terms and conditions.

(b) Compensation of key management personnel

The remuneration of directors and a member of key management during the year are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Short-term employee benefits	1,227	1,506	1,355
Post-employment benefits:			
Defined contribution plan	114	141	157
	<u>1,341</u>	<u>1,647</u>	<u>1,512</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.27 Significant related party transactions (cont'd.)

(b) Compensation of key management personnel (cont'd.)

Included in the total key management personnel are:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Directors' remuneration (Note 6.2.5(ii))	1,109	1,420	1,470

6.2.28 Capital commitments

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Approved and contracted for - property, plant and equipment	7,010	10,248	12,094
Approved and not contracted for - property, plant and equipment	-	-	23,384
	<u>7,010</u>	<u>10,248</u>	<u>35,478</u>

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.2.29 Contingent liabilities****(a) Shah Alam High Court Suit No. AT2-22-1674-Of 2009
7-Eleven vs. United Global Technologies Sdn Bhd**

7-Eleven brought an action against United Global Technologies Sdn Bhd ("UGT") for the breach of the agreement dated 21 March 2008 entered into between the parties whereby UGT was granted the concession by 7-Eleven to supply, install, maintain and operate digital interactive advertising at convenience stores belonging to 7-Eleven in Malaysia for a period of 5 years, commencing on 21 June 2008. 7-Eleven is claiming for the amount of RM1,352,940.50 being damages for loss of profits, pre-judgment interests, costs and post-judgment interest, from the date of judgment until full settlement of the claim. UGT counterclaimed against 7-Eleven for the return of certain equipment installed at 7-Eleven's convenience stores under the said agreement, damages for the breach of the agreement to be assessed and in alternative, the sum of RM1,063,528.82 (based on set-off), interest from 14 January 2010 until full settlement of the claim and legal costs. The matter is now pending first pre-trial case management of 5 May 2010. The solicitors of 7-Eleven are of the opinion that UGT is liable for 7-Eleven's claim.

(b) 7-Eleven has a bank guarantee of RM6,000,000 as security deposits in favour of various government, statutory bodies and private companies.

The bank guarantee is secured by the followings:

- (i) Second legal charge over the freehold land and buildings of 7-Eleven with total carrying amount as at 31 December 2009 of RM6,942,000 (2008: RM6,998,000), as disclosed in Note 6.2.8(iv).
- (ii) Second legal charge over the prepaid land lease payments of 7-Eleven with total carrying amount as at 31 December 2009 of RM1,651,000 (2008: RM1,673,000), as disclosed in Note 6.2.10.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.29 Contingent liabilities (cont'd.)

- (b) (iii) Second legal charge over the freehold land and buildings and leasehold buildings of a subsidiary with total carrying amount as at 31 December 2009 of RM3,824,000 (2008: RM3,867,000).
- (iv) Second legal charge over the prepaid land lease payments and a leasehold building of a subsidiary with total carrying amount of RM904,375 (2008:921,062) as at 31 December 2009.

6.2.30 Financial instruments

(a) Financial risk management objectives and policies

The financial risk management policy of 7-Eleven seeks to ensure that adequate financial resources are available for the development of 7-Eleven's business whilst managing its interest rate, foreign exchange, liquidity and credit risks. 7-Eleven operates within clearly defined guidelines and 7-Eleven's policy is not to engage in speculative transactions.

(b) Interest rate risk

7-Eleven's primary interest rate risk relates to interest-bearing assets and interest-bearing borrowings.

The interest bearing assets are made up of deposits with a licensed bank and a licensed financial institution and advances to holding and subsidiary companies. 7-Eleven manages the interest rate risk of its deposits with a licensed bank and a financial institution by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank. Interest income are charged on advances to holding and subsidiary companies at rates comparable to market borrowing rates.

Borrowings at floating rates expose 7-Eleven to cash flow interest rate risk. Borrowings obtained at fixed rates expose 7-Eleven to fair value interest rate risk. 7-Eleven manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

9. ACCOUNTANTS' REPORT (CONT'D)

6. Historical financial information (cont'd.)
 Notes to the financial statements (cont'd.)
 6.2.30 Financial instruments (cont'd.)

(b) Interest rate risk

The following tables set out the carrying amounts, the range of applicable interest rates during the years and the remaining maturities of 7-Eleven's financial instruments that are exposed to interest rate risk:

	Note	Range of interest rate %	At 31 December 2007				Total RM'000
			Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000	
Fixed rate							
Deposits with a licensed bank	6.2.18	3.0	500	-	-	-	500
Deposits with a licensed financial institution	6.2.18	3.1 - 3.4	5,000	-	-	-	5,000
Hire purchase and finance lease liabilities	6.2.23	6.9 - 7.0	7,803	4,147	346	-	12,296
Floating rate							
Term loan	6.2.22	6.4	1,027	2,262	1,680	-	4,969

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9. ACCOUNTANTS' REPORT (CONT'D)

6. Historical financial information (cont'd.)

Notes to the financial statements (cont'd.)

6.2.30 Financial instruments (cont'd.)

(b) Interest rate risk (contd.)

At 31 December 2008		Range of interest rate %					More than 5 years		Total
Note		Within 1 year	1 - 2 years	2 - 5 years	More than 5 years	RM'000	RM'000	RM'000	
	Fixed rate								
6.2.18	Deposits with a licensed bank	1,432	-	-	-	1,432	-	1,432	
6.2.23	Hire purchase and finance lease liabilities	8,342	5,327	3,802	-	17,471	-	17,471	
	Floating rate								
6.2.22	Term loan	1,799	1,737	3,388	711	7,635	-	7,635	
6.2.22	Banker's acceptance	30,497	-	-	-	30,497	-	30,497	
6.2.22	Revolving credit	72,900	-	-	-	72,900	-	72,900	

9. ACCOUNTANTS' REPORT (CONT'D)

6. Historical financial information (cont'd.)
 Notes to the financial statements (cont'd.)

6.2.30 Financial instruments (cont'd.)

(b) Interest rate risk (cont'd.)

Note	Range of interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 December 2009						
Fixed rate						
Hire purchase and finance lease liabilities	6.2.23	7,753	5,408	3,631	-	16,792
Floating rate						
Term loan	6.2.22	1,167	1,679	2,991	-	5,837
Banker's acceptance	6.2.22	44,892	-	-	-	44,892
Revolving credit	6.2.22	75,000	-	-	-	75,000