

# 7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

**Date :** 24 NOVEMBER 2016

**Subject:** UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2016

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	547,808	519,228	1,579,758	1,506,540
Cost of sales	(378,760)	(359,398)	(1,093,907)	(1,048,763)
<b>Gross profit</b>	169,048	159,830	485,851	457,777
Other operating income	27,370	27,479	83,257	80,022
Selling and distribution expenses	(156,952)	(142,111)	(438,388)	(414,645)
Administrative and other operating expenses	(23,331)	(22,577)	(70,390)	(64,852)
<b>Profit from operations</b>	16,135	22,621	60,330	58,302
Finance costs	(612)	(63)	(1,535)	(269)
<b>Profit before tax</b>	15,523	22,558	58,795	58,033
Income tax expense	(3,872)	(5,816)	(16,142)	(16,169)
<b>Profit after tax, representing total comprehensive income for the period</b>	11,651	16,742	42,653	41,864
<b>Profit attributable to:</b>				
Equity holders of the Company	11,651	16,742	42,653	41,864
<b>Basic/diluted earnings per ordinary share (sen) (Note B12)</b>	1.00	1.36	3.64	3.40

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 30.09.2016 RM'000	Audited As at 31.12.2015 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	307,417	303,608
Investment property	213	217
Intangible assets	30,856	21,232
Other investments	1	1
	338,487	325,058
<b>Current assets</b>		
Inventories	223,213	180,705
Sundry receivables	108,479	105,814
Tax recoverable	9,842	5,605
Cash and bank balances	63,663	126,487
	405,197	418,611
<b>Total assets</b>	743,684	743,669
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	123,338	123,338
Share premium	1,361,800	1,361,800
Treasury shares	(137,167)	(58,913)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Retained profits	74,404	87,217
<b>Total equity</b>	79,127	170,194
<b>Non-current liabilities</b>		
Provisions	6,781	5,775
Borrowings	28	132
Deferred tax liabilities	13,499	8,760
	20,308	14,667
<b>Current liabilities</b>		
Provisions	119	701
Borrowings	57,611	1,946
Trade payables	445,436	410,980
Other payables	141,060	145,161
Taxation	23	20
	644,249	558,808
<b>Total liabilities</b>	664,557	573,475
<b>Total equity and liabilities</b>	743,684	743,669
<b>Net assets per share attributable to ordinary equity holders of the Company (sen) <sup>(1)</sup></b>	6.94	14.27

**Note:**

(1) Based on number of outstanding shares in issue with voting rights.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

**Attributable to Equity Holders of the Company**

					Distributable	
	Share capital	Share premium	Treasury shares	Capital reorganisation deficit	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2016</b>	123,338	1,361,800	(58,913)	(1,343,248)	87,217	170,194
Total comprehensive income	-	-	-	-	42,653	42,653
Transaction with owners:						
Treasury shares acquired	-	-	(78,254)	-	-	(78,254)
Dividends on ordinary shares	-	-	-	-	(55,466)	(55,466)
<b>At 30 September 2016</b>	<u>123,338</u>	<u>1,361,800</u>	<u>(137,167)</u>	<u>(1,343,248)</u>	<u>74,404</u>	<u>79,127</u>
<b>At 1 January 2015</b>	123,338	1,361,800	-	(1,343,248)	94,319	236,209
Total comprehensive income	-	-	-	-	41,864	41,864
Transaction with owners:						
Treasury shares acquired	-	-	(24,121)	-	-	(24,121)
Dividends on ordinary shares	-	-	-	-	(62,903)	(62,903)
<b>At 30 September 2015</b>	<u>123,338</u>	<u>1,361,800</u>	<u>(24,121)</u>	<u>(1,343,248)</u>	<u>73,280</u>	<u>191,049</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**CUMULATIVE QUARTER  
9 months ended  
30.09.2016      30.09.2015  
RM'000      RM'000**

**Cash flows from operating activities**

Cash receipts from customers and other receivables	1,690,028	1,618,287
Cash paid to suppliers and employees	(1,605,779)	(1,478,300)
Cash generated from operations	84,249	139,987
Interest paid	(1,535)	(269)
Tax paid	(15,639)	(18,835)
Net cash generated from operating activities	67,075	120,883

**Cash flows from investing activities**

Purchase of property, plant and equipment	(42,567)	(86,070)
Purchase of intangible assets	(10,701)	(9,568)
Proceeds from disposal of property, plant and equipment	9	5
Interest received	1,519	4,156
Net cash used in investing activities	(51,740)	(91,477)

**Cash flows from financing activities**

Dividends paid on ordinary shares	(55,466)	(62,903)
Acquisition of treasury shares	(78,254)	(24,121)
Proceeds from bankers' acceptances	145,740	-
Proceeds from revolving credit	20,000	-
Repayment of bankers' acceptances	(108,740)	-
Repayment of term loans	-	(810)
Repayment of hire purchase and finance lease liabilities	(1,439)	(3,433)
Net cash used in financing activities	(78,159)	(91,267)

**Net decrease in cash and cash equivalents**

	(62,824)	(61,861)
<b>Cash and cash equivalents at beginning of the financial period</b>	126,487	244,110
<b>Cash and cash equivalents at end of the financial period</b>	63,663	182,249

Cash and cash equivalents at the end of the financial period comprises the following:-

Cash and bank balances	46,601	77,666
Fixed deposits with licensed banks	17,062	104,583
	63,663	182,249

## 7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 NOTES TO THE INTERIM FINANCIAL REPORT

#### A1. CORPORATE INFORMATION

7-Eleven Malaysia Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are in the operating and franchising of convenience stores under the "7-Eleven" brand name and investment holdings.

The Company and its subsidiaries are collectively referred to as the Group.

The immediate and ultimate holding companies are Berjaya Retail Berhad ("BRetail") and HQZ Credit Sdn. Bhd. ("HQZ") respectively.

#### A2. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2015.

Certain comparatives have been reclassified to conform with the current period presentation.

The interim financial report is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

#### A3. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2015 except as follows:

On 1 January 2016, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2016:

<b>Description</b>	<b>Effective for annual financial periods beginning on or after</b>
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 : Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127 : Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101 : Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 : Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 : Regulatory Deferral Accounts	1 January 2016

The adoption of the above did not have any significant effect on the interim financial report upon their initial adoption.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016  
NOTES TO THE INTERIM FINANCIAL REPORT**

**A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)**

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning on or after 1 January 2016. The Group intend to adopt these standards, if applicable, when they become effective. The initial application of the new or revised MFRSs and Amendments to MFRSs, is not expected to have any significant financial impacts to the financial statements of the Group upon their initial adoption, other than MFRS 16 Leases which will be effective from 1 January 2019. The Group is currently assessing the financial impact of adopting MFRS 16 Leases.

**A4. SEASONALITY OR CYCLICALITY OF OPERATIONS**

The business of the Group typically experience higher customer count, transaction value and sales during weekends, public holidays, school holidays and festive periods such as Chinese New Year, Christmas, Deepavali and Hari Raya.

**A5. ITEMS OF UNUSUAL NATURE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

**A6. CHANGES IN ESTIMATES**

There were no changes in estimates of amounts reported in prior financial period that have had a material effect in the current financial period.

**A7. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in composition of the Group during the financial period under review.

**A8. DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resales of treasury shares for the current financial period ended 30 September 2016 other than the following:-

Treasury shares

During the financial period 30 September 2016, the Company repurchased 52,000,000 of its issued ordinary shares from the open market at an average price of RM1.50 per share with internally generated funds. The shares repurchased are being held as treasury shares.

The number of treasury shares bought back and held in hand as at 30 September 2016 are as follows:

Month	Price per share (RM)			Number of shares	Amount # RM'000
	Lowest	Highest	Average		
At 1 January 2016	1.34	1.57	1.45	40,500,000	58,913
January 2016	1.43	1.63	1.54	9,344,400	14,423
February 2016	1.47	1.61	1.53	3,135,600	4,824
March 2016	1.37	1.42	1.40	2,820,000	3,962
April 2016	1.36	1.42	1.39	5,500,000	7,657
May 2016	1.34	1.39	1.37	2,110,000	2,892
June 2016	1.33	1.37	1.36	2,890,000	3,942
July 2016	1.32	1.37	1.34	2,050,000	2,765
August 2016	1.34	1.69	1.55	10,350,000	16,084
September 2016	1.49	1.80	1.57	13,800,000	21,705
			1.48	92,500,000	137,167

# Inclusive of transaction cost.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

For the period from 1 October 2016 to the date of this report, the Company further purchased 19,500,000 ordinary shares through purchases from the open market at an average price of RM1.82 per share. The total consideration paid for the acquisition including transaction costs amounted to RM35,594,779. The acquisition was financed by internally generated funds.

**A9. DIVIDEND PAID**

During the financial period ended 30 September 2016, the Company paid an interim single tier dividend of 2.3 sen per ordinary share and a special single tier dividend of 2.4 sen per ordinary share amounting to RM55.5 million in respect of the financial year ended 31 December 2015 on 31 March 2016.

**A10. SEGMENT REPORT**

Segmental analysis for the financial period ended 30 September 2016 is as follows:

<b>Revenue</b>	<b>External RM'000</b>	<b>Inter- segment RM'000</b>	<b>Total RM'000</b>
<b>For the nine months ended 30 September 2016</b>			
Convenience stores	1,579,537	-	1,579,537
Others	221	523	744
Inter-segment elimination	-	(523)	(523)
	<u>1,579,758</u>	<u>-</u>	<u>1,579,758</u>
<b>For the nine months ended 30 September 2015</b>			
Convenience stores	1,506,330	-	1,506,330
Others	210	523	733
Inter-segment elimination	-	(523)	(523)
	<u>1,506,540</u>	<u>-</u>	<u>1,506,540</u>

<b>Results</b>	<b>CUMULATIVE QUARTER 9 months ended</b>	
	<b>30.09.2016 RM'000</b>	<b>30.09.2015 RM'000</b>
Convenience stores	58,874	55,040
Others	(63)	(894)
	<u>58,811</u>	<u>54,146</u>
Interest income	1,519	4,156
<b>Profit from operations</b>	<b>60,330</b>	<b>58,302</b>
Finance costs	(1,535)	(269)
<b>Profit before tax</b>	<b>58,795</b>	<b>58,033</b>
Income tax expense	(16,142)	(16,169)
<b>Net profit for the period</b>	<b>42,653</b>	<b>41,864</b>

**A11. PROPERTY, PLANT AND EQUIPMENT**

During the 9 months ended 30 September 2016, the Group acquired assets at costs of RM42.6 million (2015 : RM86.1 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A12. INTANGIBLE ASSETS**

Intangible assets include computer software-in-development. During the 9 months ended 30 September 2016, the Group acquired computer software-in-development assets at costs of RM10.7 million (2015 : RM9.6 million).

**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS**

Transacting party	Type of transaction	CUMULATIVE QUARTER	
		9 months ended 30.09.2016 RM'000	30.09.2015 RM'000
<b>With a subsidiary company</b>			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Advances from 7-Eleven Malaysia to 7-Eleven Malaysia Holdings	1,574	3,440
	Interest expense on advances from 7-Eleven Malaysia	346	67
	Interest income on dividend receivable from 7-Eleven Malaysia	<u>1,210</u>	<u>1,068</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

Transacting party	Type of transaction	CUMULATIVE QUARTER 9 months ended	
		30.09.2016 RM'000	30.09.2015 RM'000
<b>With companies in which TSVT is deemed interested*</b>			
MOL AccessPortal Sdn. Bhd. ("MOL")	Receipts of payment from MOL for commission for sale of mobile phone, Touch'n Go and online game reloads and bill payments	19,186	17,289
	Payments to MOL for reload transaction values for in-store services for sale of mobile phone, Touch'n Go and online game reloads and bill payments	<u>558,528</u>	<u>437,970</u>
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	6,814	5,820
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	106,303	94,923
	Receipts of payment from U Mobile for advertisement placement fees	<u>4,637</u>	<u>4,212</u>
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipts of payment from BChannel for advertisement placement fees	<u>1,125</u>	<u>1,125</u>
Sun Media Corporation Sdn. Bhd. ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	541	457
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	<u>540</u>	<u>562</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

Transacting party	Type of transaction	CUMULATIVE QUARTER 9 months ended	
		30.09.2016 RM'000	30.09.2015 RM'000
<b>With companies in which TSVT is deemed interested*</b>			
Prime Credit Leasing Sdn. Bhd.	Leasing facility for point-of-sales computer system: - Lease interest	64	255
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	13,708	10,775
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payments to Berjaya Sompo for insurance premium	1,752	1,679
Nural Enterprise Sdn. Bhd. ("Nural")	Payments to Nural for rental of property	1,036	1,036
Berjaya Times Square Sdn. Bhd. ("BTS")	Payments to BTS for rental of property	411	402

\* Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT"), a substantial shareholder of HQZ Credit Sdn. Bhd. ("HQZ"), is also deemed interested in all the subsidiary companies of HQZ.

**A14. CONTINGENT LIABILITIES**

The Group has bank guarantees amounting to RM7,183,000 (31 December 2015: RM6,645,000) as security deposits in favour of various government and statutory bodies, and private companies.

The bank guarantee facility is granted to 7-Eleven Malaysia on a clean basis.

**7-Eleven Malaysia Holdings Berhad** (Company No: 1058531-W)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A15. CAPITAL COMMITMENTS**

	<b>The Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.09.2016</b>	<b>31.12.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for		
- property, plant and equipment	19,627	3,930
- intangible assets	5,546	16,706
	<u>25,173</u>	<u>20,636</u>
Approved but not contracted for		
- property, plant and equipment	46,402	109,146
- intangible assets	6,800	8,036
	<u>53,202</u>	<u>117,182</u>
	<u>78,375</u>	<u>137,818</u>

**A16. SUBSEQUENT EVENT**

There were no significant events since the end of this current quarter up to the date of this announcement, except as disclosed in Note A8.

## **7-Eleven Malaysia Holdings Berhad** (Company No: 1058531-W)

### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

#### **B1. REVIEW OF THE PERFORMANCE OF THE GROUP**

##### **Review of Current Quarter Performance versus Corresponding Quarter Last Year**

The Group's revenue for the current quarter of RM547.8 million grew by RM28.5 million or 5.5% against the corresponding quarter's revenue in the previous year of RM519.2 million. The growth in revenue continued to be driven by the growth in new stores, improved merchandise mix and consumer promotion activity. This growth was achieved despite prolonged on-going retail market softness caused by weak consumer confidence/spending.

Gross profit of RM169.0 million improved by RM9.2 million or 5.8% compared to the corresponding quarter in the previous year and this was mainly attributed to the revenue growth of 5.5%.

Selling and distribution expenses for the quarter increased by RM14.8 million or 10.4%, mainly caused by new store expansion resulting in higher staff cost, rental cost, store depreciation expense and utility cost. In addition, the increase in the minimum wage effective 1st July 2016 has caused the store staff costs to rise by approximately 10% in the current quarter.

Administrative and other operating expenses for the quarter increased by RM0.7 million or 3.3% due to higher staff cost, head office IT depreciation expense and amortisation of intangible assets.

The profit before tax of RM15.5 million decreased by RM7.0 million or 31.2% compared to the corresponding quarter in 2015 despite positive sales growth due to higher selling and distribution expenses caused by new store expansion and the impact of minimum wage increase effective 1st July 2016.

##### **Review of 9 Months Period Performance versus Corresponding Period Last Year**

For the 9 months ended 30 September 2016, the Group's revenue of RM1.58 billion grew RM73.2 million or 4.9% against the corresponding 9 months' revenue in the previous year of RM1.51 billion. The growth in revenue was driven by the growth in new stores (total stores as at 30 September 2016: 2,057 stores), improved merchandise mix and consumer promotion activity.

Gross profit improved by RM28.1 mil or 6.1% compared to the corresponding 9 months in the previous year and this was mainly attributed to the revenue growth of 4.9% and gross profit margin expansion of 0.4% points.

Selling and distribution expenses for the 9 months period in 2016 increased by RM23.7 million or 5.7%, mainly caused by higher staff cost, rental cost, store depreciation expense and utility cost which is in tandem with new store expansion coupled with impact of minimum wage increase on the staff cost.

Administrative and other operating expenses decreased by RM5.5 million or 8.5% vis-à-vis the corresponding 9 months in the previous year due to higher staff cost, head office IT depreciation expense and amortisation of intangible assets.

The profit before tax of RM58.8 million increased by 1.3% or RM0.8 million despite revenue growth of 4.9% and gross margin expansion by 0.4% points due to higher selling and distribution expenses from new store expansion and also the impact of minimum wage increase effective 1 July 2016 on the salary cost.

## **7-Eleven Malaysia Holdings Berhad** (Company No: 1058531-W)

### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

#### **B2. MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER**

The Group's profit before tax for the third quarter of RM15.5 million was lower than the immediate preceding quarter of RM21.0 million by RM5.5 million or 26.0% due to increase in the selling and distribution expenses by RM15.6 million or 11.0%. The increase in the selling and distribution expenses was mainly caused by new store expansion resulting in higher staff cost, rental cost, store depreciation expense and utility cost and also the increase in minimum wage effective 1st July 2016.

#### **B3. PROSPECTS**

The Board of Directors is of the view that the trading conditions for the remaining period of the current financial year is expected to remain challenging due to continued weak consumer confidence/spending and current macro-economic conditions. Despite this latest development, we remain positive of holding onto our market leading position.

#### **B4. VARIANCE OF ACTUAL RESULTS FROM PROFIT FORECAST AND PROFIT GUARANTEE**

The Group did not issue any profit forecast or profit estimate previously in any public document.

## 7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

#### B5. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting):

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Interest income	(357)	(1,330)	(1,519)	(4,156)
Depreciation of property, plant and equipment	13,007	10,514	37,771	33,848
Property, plant and equipment written off	930	-	2,137	673
Amortisation charge for investment property	1	2	4	5
Amortisation of intangible assets	546	512	1,078	512
Provision for and write off of inventories	866	603	2,504	2,088
Reversal of impairment loss of property, plant and equipment	-	-	(666)	-
Gain on disposal of property, plant and equipment	-	-	(9)	(5)
Loss on foreign exchange translation differences	49	136	9	260

Other than as presented in the condensed consolidated statements of comprehensive income and as disclosed above, there were no gain or loss on disposal of quoted or unquoted investments or properties, impairment of other assets, gain or loss on derivatives and exceptional items included in the results of the current quarter ended 30 September 2016.

#### B6. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Income tax:				
Current period provision	(2,026)	6,585	11,036	16,877
Over provision in prior year	(427)	(808)	(427)	(808)
	<u>(2,453)</u>	<u>5,777</u>	<u>10,609</u>	<u>16,069</u>

## 7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

#### B6. TAXATION (CONT'D)

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2016 RM'000	30.09.2015 RM'000	30.09.2016 RM'000	30.09.2015 RM'000
Deferred tax				
Relating to origination and reversal of temporary differences	6,675	39	5,883	100
Overprovision in prior year	(350)	-	(350)	-
	<u>6,325</u>	<u>39</u>	<u>5,533</u>	<u>100</u>
	<u>3,872</u>	<u>5,816</u>	<u>16,142</u>	<u>16,169</u>

Income tax expense is recognised based on management's best estimation. The Group's consolidated effective tax rates for the current quarter and financial period ended 30 September 2016 were higher than the Malaysian's statutory tax rate mainly due to certain expenses not deductible under tax legislation.

#### B7. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed at the date of this report.

#### B8. STATUS OF UTILISATION OF IPO PROCEEDS

The status of utilisation of the proceeds from the Public Issue of 181,385,000 new ordinary shares at RM1.38 per share on 30 May 2014 are as follows:

Purposes	Proposed utilisation	Actual utilisation at the date of this report	Deviation between actual and proposed utilisation	Change of proposed utilisation	Revised balance	Estimated time frame for utilisation
	RM'000	RM'000	Note 1 RM'000	Note 2 RM'000	RM'000	
i. Capital expenditure	184,790	136,806	-	(40,790)	7,194	Within 36 months
ii. Working capital	42,664	92,610	(9,156)	40,790	-	
iii. Estimated fees and expenses for the IPO and listing exercise	22,857	13,701	9,156	-	-	
<b>Total gross proceeds</b>	<b>250,311</b>	<b>243,117</b>	<b>-</b>	<b>-</b>	<b>7,194</b>	

#### Note:

1 Actual fees and expenses incurred for the IPO and listing exercise were less than the estimated fees and expenses by approximately RM9.2 million. The excess arising from actual listing expenses compared to the estimated expenses has been utilised for working capital purposes.

2 As announced to the Bursa Securities on 13 November 2015, the Board of Directors had approved for the unutilised balance of RM40.79 million included under capital expenditure that was allocated for the construction of the new combined distribution center on its existing land to be reallocated for working capital.



## 7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)

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#### B9. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 30 September 2016 are as follows: -

	<b>Unaudited As at 30.09.2016 RM'000</b>	<b>Audited As at 31.12.2015 RM'000</b>
<b>Short term borrowings</b>		
<b>Secured:</b>		
Hire purchase and finance lease liabilities	611	1,946
<b>Unsecured:</b>		
Bankers' acceptances	37,000	-
Revolving credit	20,000	-
	<u>57,611</u>	<u>1,946</u>
<b>Long term borrowings</b>		
<b>Secured:</b>		
Hire purchase and finance lease liabilities	28	132
	<u>28</u>	<u>132</u>
<b>Total borrowings</b>		
Bankers' acceptances	37,000	-
Revolving credit	20,000	-
Hire purchase and finance lease liabilities	639	2,078
	<u>57,639</u>	<u>2,078</u>

#### B10. MATERIAL LITIGATION

There was no material litigation for the current financial period to date.

#### B11. DIVIDEND

No dividend was declared or recommended for payment by the Company for the current quarter (previous corresponding quarter : Nil).

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#### B12. EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Net profit attributable to ordinary shares (RM'000)	11,651	16,742	42,653	41,864
Weighted average number of ordinary shares in issue ('000)	1,170,670	1,228,001	1,170,679	1,231,571
Basic/diluted earnings per ordinary share (sen)	<u>1.00</u>	<u>1.36</u>	<u>3.64</u>	<u>3.40</u>

The Company does not have any dilutive potential ordinary shares in issue for the current quarter and financial period to date.

#### B13. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 30 September 2016 and 31 December 2015 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Unaudited As at 30.09.2016 RM'000	Audited As at 31.12.2015 RM'000
Realised profits	87,903	95,977
Unrealised losses	<u>(13,499)</u>	<u>(8,760)</u>
<b>Total retained profits as per condensed consolidated statements of changes in equity</b>	<u>74,404</u>	<u>87,217</u>