

7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

Date : 29 AUGUST 2017

Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2017

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	555,213	505,698	1,077,741	1,031,951
Cost of sales	(376,262)	(349,029)	(738,960)	(715,147)
Gross profit	178,951	156,669	338,781	316,804
Other operating income	29,029	29,477	60,034	55,887
Selling and distribution expenses	(165,596)	(141,366)	(320,221)	(281,436)
Administrative and other operating expenses	(26,173)	(23,088)	(49,823)	(47,059)
Profit from operations	16,211	21,692	28,771	44,196
Finance costs	(2,375)	(713)	(4,037)	(923)
Profit before tax	13,836	20,979	24,734	43,273
Income tax expense	(3,686)	(5,907)	(6,581)	(12,270)
Profit after tax, representing total comprehensive income for the period	10,150	15,072	18,153	31,003
Profit attributable to:				
Equity holders of the Company	10,150	15,072	18,153	31,003
Basic/diluted earnings per ordinary share (sen) (Note B12)	0.91	1.27	1.63	2.63

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 30.06.2017 RM'000	Audited As at 31.12.2016 RM'000
Assets		
Non-current assets		
Property, plant and equipment	321,694	318,801
Investment property	209	212
Intangible assets	37,397	35,822
Other investments	1	1
	359,301	354,836
Current assets		
Inventories	258,950	263,948
Sundry receivables	117,144	92,003
Tax recoverable	14,978	13,268
Cash and bank balances	74,435	49,450
	465,507	418,669
Total assets	824,808	773,505
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	1,485,138	123,338
Share premium	-	1,361,800
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Retained profits	49,889	83,924
	191,779	225,814
Treasury shares	(190,625)	(190,625)
Total equity	1,154	35,189
Non-current liabilities		
Provisions	6,787	6,955
Borrowings	48,800	25,219
Deferred tax liabilities	15,544	15,818
	71,131	47,992
Current liabilities		
Provisions	557	158
Borrowings	151,137	90,473
Trade payables	470,519	461,506
Other payables	130,304	138,168
Taxation	6	19
	752,523	690,324
Total liabilities	823,654	738,316
Total equity and liabilities	824,808	773,505
Net assets per share attributable to ordinary equity holders of the Company, based on number of outstanding shares in issue with voting rights (sen)	0.10	3.17
Net assets (before deducting treasury shares) per share based on total issued and fully paid up ordinary shares (sen)	15.55	18.31

(The annexed notes form an integral part of this interim financial report)

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Group	Attributable to Equity Holders of the Company					
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reorganisation deficit RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2017	123,338	1,361,800	(190,625)	(1,343,248)	83,924	35,189
Transfer pursuant to S618(2) of CA 2016 *	1,361,800	(1,361,800)	-	-	-	-
Total comprehensive income	-	-	-	-	18,153	18,153
Transaction with owners:						
Dividends on ordinary shares	-	-	-	-	(52,188)	(52,188)
At 30 June 2017	1,485,138	-	(190,625)	(1,343,248)	49,889	1,154
At 1 January 2016	123,338	1,361,800	(58,913)	(1,343,248)	87,217	170,194
Total comprehensive income	-	-	-	-	31,003	31,003
Transaction with owners:						
Treasury shares acquired	-	-	(37,700)	-	-	(37,700)
Dividends on ordinary shares	-	-	-	-	(55,466)	(55,466)
At 30 June 2016	123,338	1,361,800	(96,613)	(1,343,248)	62,754	108,031

Note:

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium and capital redemption reserve accounts shall become part of Share Capital.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CUMULATIVE QUARTER	
	6 months ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	1,138,233	1,114,153
Cash paid to suppliers and employees	(1,098,216)	(1,075,077)
Cash generated from operations	<u>40,017</u>	<u>39,076</u>
Interest paid	(4,037)	(923)
Tax paid	(8,579)	(10,332)
Net cash generated from operating activities	<u>27,401</u>	<u>27,821</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,250)	(28,826)
Purchase of intangible assets	(3,706)	(3,388)
Proceeds from disposal of property, plant and equipment	95	9
Interest received	388	1,162
Net cash used in investing activities	<u>(34,473)</u>	<u>(31,043)</u>
Cash flows from financing activities		
Dividends paid on ordinary shares	(52,188)	(55,466)
Acquisition of treasury shares	-	(37,700)
Proceeds from bankers' acceptances	172,070	108,740
Proceeds from revolving credit	40,000	-
Repayment of bankers' acceptances	(157,283)	(60,740)
Proceeds from term loan	32,000	-
Repayment of term loan	(2,400)	-
Repayment of hire purchase and finance lease liabilities	(142)	(916)
Net cash generated from/(used in) financing activities	<u>32,057</u>	<u>(46,082)</u>
Net increase/(decrease) in cash and cash equivalents	24,985	(49,304)
Cash and cash equivalents at beginning of the financial period	49,450	126,487
Cash and cash equivalents at end of the financial period	<u>74,435</u>	<u>77,183</u>
Cash and cash equivalents at the end of the financial period comprises the following:-		
Cash and bank balances	72,732	61,971
Fixed deposits with licensed banks	1,703	15,212
	<u>74,435</u>	<u>77,183</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
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 2016.

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 2016 except as follows:

On 1 January 2017, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2017:

Description	Effective for annual financial periods beginning on or after
MFRS 107 : <i>Disclosures Initiatives (Amendments to MFRS 107)</i>	1 January 2017
MFRS 112 : <i>Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)</i>	1 January 2017
Amendments to MFRS 12 : <i>Disclosure of Interest in Other Entities (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)</i>	1 January 2017

The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group, except for the Amendments to MFRS 107 : Statement of Cash Flows - Disclosure Initiative ("MFRS 107").

These amendments to MFRS 107 requires the entity to disclose a reconciliation between the opening and closing balances for liabilities arising from financing activities, including both changes arising from cash flows and non-cash flow changes. The adoption of these amendments affects only the disclosure notes to the financial statements and has no financial impact on the Group's financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The standards, amendments to standards and IC Interpretation that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below.

Description	Effective for annual financial periods beginning on or after
Amendments to MFRS 2 : <i>Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)</i>	1 January 2018
MFRS 15 : <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 9 : <i>Financial Instruments</i>	1 January 2018
Amendments to MFRS 4 : <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 140 : <i>Transfers of Investment Property</i>	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle:	
(i) Amendments to MFRS 1 : <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2018
(ii) Amendments to MFRS 128 : <i>Investments in Associates and Joint Ventures</i>	1 January 2018
MFRS 16 : <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 : <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
IC Interpretation 22 : <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

The Group has not early adopted any of the 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 2017. 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, which will be applied prospectively or which requires extended disclosures, 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 adoption of MFRS 16 : Leases will have an effect on the classification and measurement of the Group's lease assets and liabilities.

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, Hari Raya, Deepavali and Christmas.

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
NOTES TO THE INTERIM FINANCIAL REPORT

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 issuances and repayments of debt and equity securities, share buy-backs, share cancellations and resales of treasury shares for the current financial period ended 30 June 2017 and period up to the date of this announcement.

A9. DIVIDEND PAID

During the financial period ended 30 June 2017, 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 RM52.2 million in respect of the financial year ended 31 December 2016 on 28 April 2017.

A10. SEGMENT REPORT

Segmental analysis for the financial period ended 30 June 2017 is as follows:

	External RM'000	Inter- segment RM'000	Total RM'000
Revenue			
For the six months ended 30 June 2017			
Convenience stores	1,077,598	-	1,077,598
Others	143	349	492
Inter-segment elimination	-	(349)	(349)
	<u>1,077,741</u>	<u>-</u>	<u>1,077,741</u>
For the six months ended 30 June 2016			
Convenience stores	1,031,807	-	1,031,807
Others	144	349	493
Inter-segment elimination	-	(349)	(349)
	<u>1,031,951</u>	<u>-</u>	<u>1,031,951</u>

	CUMULATIVE QUARTER	
	6 months ended	
Results	30.06.2017 RM'000	30.06.2016 RM'000
Convenience stores	29,354	42,858
Others	(971)	176
	<u>28,383</u>	<u>43,034</u>
Interest income	388	1,162
Profit from operations	28,771	44,196
Finance costs	(4,037)	(923)
Profit before tax	24,734	43,273
Income tax expense	(6,581)	(12,270)
Net profit for the period	18,153	31,003

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017 NOTES TO THE INTERIM FINANCIAL REPORT

A11. PROPERTY, PLANT AND EQUIPMENT

During the 6 months ended 30 June 2017, the Group acquired assets at costs of RM31.2 million (2016 : RM28.8 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

A12. INTANGIBLE ASSETS

During the 6 months ended 30 June 2017, the Group acquired computer software assets at the costs of RM3.7 million (2016 : RM3.4 million).

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER 6 months ended	
		30.06.2017 RM'000	30.06.2016 RM'000
With a subsidiary company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Advances (to)/from 7 Eleven Malaysia (from)/to 7-Eleven Malaysia Holdings	(6,873)	950
	Interest expense on advances from 7-Eleven Malaysia	2,232	129
	Interest income on dividend receivable from 7-Eleven Malaysia	-	1,175

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER	
		30.06.2017 RM'000	30.06.2016 RM'000
With companies in which TSVT is deemed interested*			
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	13,743	12,601
	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>478,927</u>	<u>316,725</u>
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	5,792	4,375
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	93,665	68,092
	Receipts of payment from U Mobile for advertisement placement fees	<u>3,416</u>	<u>3,091</u>
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipts of payment from BChannel for advertisement placement fees	<u>25</u>	<u>750</u>
Sun Media Corporation Sdn. Bhd. ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	401	329
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	<u>360</u>	<u>382</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 6 months ended	
		30.06.2017 RM'000	30.06.2016 RM'000
With companies in which TSVT is deemed interested*			
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	5,893	8,586
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payments to Berjaya Sompo for insurance premium	2,448	1,696
Nural Enterprise Sdn. Bhd. ("Nural")	Payments to Nural for rental of property	691	691
Berjaya Times Square Sdn. Bhd. ("BTS")	Payments to BTS for rental of property	280	274

* 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 RM7,099,383 (31 December 2016: RM7,099,383) 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A15. CAPITAL COMMITMENTS

	The Group	
	Unaudited	Audited
	As at	As at
	30.06.2017	31.12.2016
	RM'000	RM'000
Approved and contracted for		
- property, plant and equipment	6,337	-
- intangible assets	124	1,635
	<u>6,461</u>	<u>1,635</u>
Approved but not contracted for		
- property, plant and equipment	72,628	111,130
	<u>72,628</u>	<u>111,130</u>
	<u>79,089</u>	<u>112,765</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 B7.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017
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 RM555.2 million increased by RM49.5 million or 9.8% against the corresponding quarter's revenue in the previous year of RM505.7 million. This increase in revenue is mainly due to Hari Raya festive period and new store growth. There was also positive growth in existing stores.

Gross profit of RM179.0 million increased by RM22.3 million or 14.2% compared to the corresponding quarter in the previous year. This was mainly attributed to the increase in revenue recorded and improvement in gross margin by 1.2% points. The improvement in gross margin was due to higher sales contribution from those categories with higher gross profit margins as well as tighter promotion management.

Other operating income remained fairly stagnant compared to the corresponding quarter in the previous year.

Selling and distribution expenses for the quarter increased by RM24.2 million or 17.1% against the corresponding quarter of the previous year. This is mainly due to impact of minimum wage which came into effect from 1st July 2016, new store expansion and depreciation, and inventory shrinkages. Administrative and other operating expenses for the quarter increased by RM3.1 million or 13.4% mainly due to increase in staff cost, IT maintenance and professional fees.

This resulted in the Group's profit before tax of RM13.8 million, a decrease of RM7.1 million or 34.0% as compared to the corresponding period in the previous year.

Review of 6 Months Period Performance versus Corresponding Period Last Year

For the 6 months ended 30 June 2017, the Group's revenue of RM1.08 billion grew by RM45.8 million or 4.4% against the corresponding period in the previous year of RM1.03 billion. The growth in revenue was driven by the growth in new stores and Hari Raya celebration.

Gross profit improved by RM22.0 million or 6.9% compared to the corresponding 6 months in the previous year. This was mainly attributed to the revenue growth and gross profit margin expansion of 0.7% point largely contributed by the 1.2% points increase for the current quarter. Other operating income grew by 7.4% compared to the corresponding 6 months in the previous year.

Selling and distribution expenses for the 6 months period in 2017 increased by RM38.8 million or 13.8% against the corresponding period of previous year. This is mainly due to the factors that affected the current quarter.

Administrative and other operating expenses increased by RM2.8 million or 5.9% vis-à-vis the corresponding 6 months in the previous year. This is also mainly due to the factors that affected the current quarter.

This resulted in the Group's profit before tax of RM24.7 million, a decrease of 42.8% or RM18.5 million compared to the corresponding 6 months in the previous year.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

The Group's profit before tax for the first quarter of RM13.8 million was higher by RM2.9 million or 26.6% as compared to the immediate preceding quarter of RM10.9 million. The improvement was due to the 6.3% higher revenue recorded for the current quarter as well as better gross margin from those categories with higher gross profit margins.

B3. PROSPECTS

The Board of Directors is of the view that the trading conditions for the remaining period of the current financial year are expected to remain challenging. We expect to see continued improvements in the next two quarters by pursuing our core strategy pillars of Operations Excellence, Cost Management and Commercial Innovation.

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 SECOND QUARTER ENDED 30 JUNE 2017**
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**B5. PROFIT FROM OPERATIONS**

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

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(215)	(361)	(388)	(1,162)
Depreciation of property, plant and equipment	13,954	13,062	27,522	24,764
Property, plant and equipment written off	750	640	1,066	1,207
Amortisation charge for investment property	1	2	3	3
Amortisation of intangible assets	1,088	322	2,131	532
Provision for and write off of inventories	1,431	739	2,922	1,638
Reversal of impairment loss of property, plant and equipment	-	-	-	(666)
Gain on disposal of property, plant and equipment	(1)	(9)	(95)	(9)
Gain on foreign exchange translation differences	(66)	(27)	(39)	(40)

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, provision for and write off of inventories, impairment of other assets, gain or loss on derivatives and exceptional items included in the results of the current quarter ended 30 June 2017.

B6. TAXATION

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period provision	4,748	6,255	7,249	13,062

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2017 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B6. TAXATION (CONT'D)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,062)	(348)	(668)	(792)
	<u>3,686</u>	<u>5,907</u>	<u>6,581</u>	<u>12,270</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 June 2017 were higher than the Malaysian's statutory tax rate mainly due to the certain expenses not deductible under tax legislation.

B7. STATUS OF CORPORATE PROPOSALS

There were no other corporate proposals announced but not completed at the date of this report, except for the corporate proposal announced on 25 April 2017. The Company announced its intention to undertake the proposed renounceable rights issue of up to 616,692,500 new warrants at an issue price of RM0.10 for each warrant on the basis of 1 warrant for every 2 existing ordinary shares ("Proposed Rights Issue") in the Company held on an entitlement date to be determined later.

As at 1st June 2017, the Company has decided not to proceed with the Proposed Rights Issue after taking into consideration general feedback as well as market reaction to the Proposed Rights Issue. The aborting of the Proposed Rights Issue is not expected to have any material effect on the earnings and net assets of the Group.

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 as at 30 June 2017 are as follows:

Purposes	Proposed utilisation RM'000	Actual utilisation at the date of this report RM'000	Deviation between actual and proposed utilisation Note 1 RM'000	Change of proposed utilisation Note 2 RM'000	Revised balance RM'000	Estimated time frame for utilisation
i. Capital expenditure	184,790	139,737	-	(40,790)	4,263	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	-	-	
Total gross proceeds	250,311	246,048	-	-	4,263	

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.

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B9. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 30 June 2017 are as follows: -

	Unaudited As at 30.06.2017 RM'000	Audited As at 31.12.2016 RM'000
Short term borrowings		
Secured:		
Hire purchase and finance lease liabilities	37	160
Unsecured:		
Bankers' acceptance	80,300	65,513
Term loan	10,800	4,800
Revolving credit	60,000	20,000
	<u>151,137</u>	<u>90,473</u>
Long term borrowings		
Secured:		
Hire purchase and finance lease liabilities	-	19
Unsecured:		
Term loan	48,800	25,200
	<u>48,800</u>	<u>25,219</u>
Total borrowings		
Bankers' acceptances	80,300	65,513
Term loan	59,600	30,000
Revolving credit	60,000	20,000
Hire purchase and finance lease liabilities	37	179
	<u>199,937</u>	<u>115,692</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		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Net profit attributable to ordinary shares (RM'000)	10,150	15,072	18,153	31,003
Weighted average number of ordinary shares in issue ('000)	1,110,385	1,184,331	1,110,385	1,177,096
Basic/diluted earnings per ordinary share (sen)	<u>0.91</u>	<u>1.27</u>	<u>1.63</u>	<u>2.63</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 June 2017 and 31 December 2016 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	Audited
	As at	As at
	30.06.2017	31.12.2016
	RM'000	RM'000
Realised profits	65,433	99,742
Unrealised losses	<u>(15,544)</u>	<u>(15,818)</u>
Total retained profits as per condensed consolidated statements of changes in equity	<u>49,889</u>	<u>83,924</u>