

7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

Date : 28 FEBRUARY 2018

Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2017

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2017	Restated 31.12.2016	31.12.2017	Restated 31.12.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	546,240	523,609	2,187,102	2,103,367
Cost of sales	(372,393)	(362,891)	(1,495,772)	(1,456,798)
Gross profit	173,847	160,718	691,330	646,569
Other operating income	42,724	32,261	137,199	115,518
Selling and distribution expenses	(164,300)	(157,762)	(651,243)	(596,150)
Administrative and other operating expenses	(23,116)	(22,139)	(97,558)	(92,525)
Profit from operations	29,155	13,078	79,728	73,412
Finance costs	(2,599)	(1,055)	(9,232)	(2,590)
Profit before tax	26,556	12,023	70,496	70,822
Income tax expense	(10,701)	(2,502)	(20,389)	(18,644)
Profit after tax	15,855	9,521	50,107	52,178
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Revaluation of land and buildings (Note A11)	6,116	-	44,996	-
Deferred taxation	(641)	-	(4,212)	-
Total other comprehensive income (net of taxation):	5,475	-	40,784	-
Total comprehensive income for the financial period/year	21,330	9,521	90,891	52,178
Profit after tax attributable to:				
Equity holders of the Company	15,855	9,521	50,107	52,178
Total comprehensive income attributable to:				
Equity holders of the Company	21,330	9,521	90,891	52,178
Basic/diluted earnings per ordinary share (sen) (Note B11)	1.43	0.84	4.51	4.50

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 31.12.2017 RM'000	Restated As at 31.12.2016 RM'000
Assets		
Non-current assets		
Property, plant and equipment	350,404	318,801
Investment property	400	400
Intangible assets	35,298	35,822
Other investments	1	1
	<u>386,103</u>	<u>355,024</u>
Current assets		
Inventories	218,909	263,948
Sundry receivables	113,514	92,003
Tax recoverable	3,748	13,268
Cash and bank balances	69,634	49,450
	<u>405,805</u>	<u>418,669</u>
Total assets	<u>791,908</u>	<u>773,693</u>
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)
Assets revaluation reserve	40,784	-
Retained profits	81,985	84,066
	<u>264,659</u>	<u>225,956</u>
Treasury shares	(190,625)	(190,625)
Total equity	<u>74,034</u>	<u>35,331</u>
Non-current liabilities		
Provisions	7,400	6,955
Borrowings	42,400	25,219
Deferred tax liabilities	19,436	15,864
	<u>69,236</u>	<u>48,038</u>
Current liabilities		
Provisions	277	158
Borrowings	143,619	90,473
Trade payables	389,569	461,506
Other payables	115,172	138,168
Taxation	1	19
	<u>648,638</u>	<u>690,324</u>
Total liabilities	<u>717,874</u>	<u>738,362</u>
Total equity and liabilities	<u>791,908</u>	<u>773,693</u>
Net assets per share attributable to ordinary equity holders of the Company, based on number of outstanding shares in issue with voting rights (sen)		
	<u>6.67</u>	<u>3.18</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to Equity Holders of the Company						Total equity RM'000
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Assets revaluation reserve RM'000	Capital reorganisation deficit RM'000	Distributable Retained profits RM'000	
At 1 January 2017							
As previously stated	123,338	1,361,800	(190,625)	-	(1,343,248)	83,924	35,189
Arising from changes in accounting policy for investment property (Note A3)	-	-	-	-	-	188	188
Less: Deferred taxation	-	-	-	-	-	(46)	(46)
As restated	123,338	1,361,800	(190,625)	-	(1,343,248)	84,066	35,331
Transfer pursuant to S618(2) of CA 2016 *	1,361,800	(1,361,800)	-	-	-	-	-
Profit after tax	-	-	-	-	-	50,107	50,107
Revaluation as a change in accounting policy (Note A3)	-	-	-	40,784	-	-	40,784
Total comprehensive income	-	-	-	40,784	-	50,107	90,891
Transaction with owners:							
Dividends on ordinary shares	-	-	-	-	-	(52,188)	(52,188)
At 31 December 2017	1,485,138	-	(190,625)	40,784	(1,343,248)	81,985	74,034
At 1 January 2016							
As previously stated	123,338	1,361,800	(58,913)	-	(1,343,248)	87,217	170,194
Arising from changes in accounting policy for investment property (Note A3)	-	-	-	-	-	183	183
Less: Deferred taxation	-	-	-	-	-	(46)	(46)
As restated	123,338	1,361,800	(58,913)	-	(1,343,248)	87,354	170,331
Total comprehensive income							
As previously stated	-	-	-	-	-	52,173	52,173
Arising from changes in accounting policy for investment property (Note A3)	-	-	-	-	-	5	5
As restated	-	-	-	-	-	52,178	52,178
Transaction with owners:							
Treasury shares acquired	-	-	(131,712)	-	-	-	(131,712)
Dividends on ordinary shares	-	-	-	-	-	(55,466)	(55,466)
At 31 December 2016	123,338	1,361,800	(190,625)	-	(1,343,248)	84,066	35,331

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 FOURTH QUARTER ENDED 31 DECEMBER 2017
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CUMULATIVE QUARTER	
	12 months ended	
	31.12.2017	31.12.2016
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	2,352,127	2,231,168
Cash paid to suppliers and employees	(2,281,911)	(2,136,187)
Cash generated from operations	<u>70,216</u>	<u>94,981</u>
Interest paid	(9,232)	(2,590)
Tax paid	(11,527)	(19,250)
Net cash generated from operating activities	<u>49,457</u>	<u>73,141</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(44,767)	(65,712)
Purchase of intangible assets	(3,789)	(12,697)
Proceeds from disposal of property, plant and equipment	257	15
Interest received	888	1,780
Net cash used in investing activities	<u>(47,411)</u>	<u>(76,614)</u>
Cash flows from financing activities		
Dividends paid on ordinary shares	(52,188)	(55,466)
Acquisition of treasury shares	-	(131,712)
Proceeds from bankers' acceptances	330,820	225,653
Proceeds from revolving credit	40,000	20,000
Proceeds from term loan	32,000	30,000
Repayment of bankers' acceptances	(324,533)	(160,140)
Repayment of term loans	(7,800)	-
Repayment of hire purchase and finance lease liabilities	(161)	(1,899)
Net cash generated from/(used in) financing activities	<u>18,138</u>	<u>(73,564)</u>
Net increase/(decrease) in cash and cash equivalents	20,184	(77,037)
Cash and cash equivalents at beginning of the financial year	49,450	126,487
Cash and cash equivalents at end of the financial year	<u>69,634</u>	<u>49,450</u>
Cash and cash equivalents at the end of the financial year comprises the following:-		
Cash and bank balances	63,404	40,612
Fixed deposits with licensed banks	6,230	8,838
	<u>69,634</u>	<u>49,450</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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:

(a) Revaluation of land and building (property, plant and equipment)

The Group re-assessed its accounting policy for property, plant and equipment with respect to measurement of certain classes of property, plant and equipment after initial recognition. The Group has previously measured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

During the financial year ended 31 December 2017, the Group elected to change the method of accounting for land and building classified as property, plant and equipment, as the Group believes that the revaluation model more effectively demonstrates the carrying value of the land and building. In addition, the activity in the property markets in which these assets are located provides observable market data on which reliable fair value estimates can be derived.

After initial recognition, the Group uses the revaluation model, whereby land and building will be measured at fair value at the date of the revaluation less any subsequent accumulated impairment losses. The Group applied the revaluation model prospectively.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) Revaluation of land and building (property, plant and equipment) (cont'd)

The impacts due to recognition of land and buildings in property, plant and equipment at revaluation model is as detailed below.

	Property, plant and equipment RM'000
As at 1 January 2017*	318,801
Level 3 revaluation recognised due to change in accounting policy of land and buildings from cost model to revaluation model	38,880
As at 1 January 2017	<u>357,681</u>
As at 31 December 2017	305,408
Level 3 revaluation recognised due to change in accounting policy of land and buildings from cost model to revaluation model	44,996
As at 31 December 2017	<u>350,404</u>

* The Group changed the accounting policy with respect to measurement of land and building during the financial year ended 31 December 2017, therefore the fair value of the land and building was not measured at 1 January 2016 and 31 December 2016.

(b) Fair value of investment property

The Group re-assessed its accounting policy for investment property with respect to measurement after initial recognition. The Group has previously measured all investment property using the cost model whereby, after initial recognition, the asset was carried at cost less accumulated amortisation and accumulated impairment losses.

During the financial year ended 31 December 2017, the Group elected to change the method of accounting for land and building classified as investment property to the fair value model, as the Group believes that the fair value model more effectively demonstrates the carrying value of the land and building. In addition, the activity in the property markets in which these assets are located provides observable market data on which reliable fair value estimates can be derived.

After initial recognition, the Group uses fair value model whereby the land and building will be measured at fair value at the date of the financial position. A gain or loss arising from a change in the fair value of investment property shall be recognised in the profit or loss for the year in which it arises. The Group applied the change in accounting policy retrospectively.

The impacts due to recognition of land and buildings in investment property at fair value model are as detailed below.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) Fair value of investment property (cont'd)

RESTATEMENT OF CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 months ended		12 months ended			
	As	Effects of	As	As	Effects of	As
	previously	change in	previously	previously	change in	restated
	stated	accounting	stated	stated	accounting	31.12.2016
	31.12.2016	policy for	31.12.2016	31.12.2016	policy for	31.12.2016
	RM'000	investment	RM'000	RM'000	investment	RM'000
		property			property	
Revenue	523,609		523,609	2,103,367		2,103,367
Cost of sales	(362,891)		(362,891)	(1,456,798)		(1,456,798)
Gross profit	160,718		160,718	646,569		646,569
Other operating income	32,261		32,261	115,518		115,518
Selling and distribution expenses	(157,762)		(157,762)	(596,150)		(596,150)
Administrative and other operating expenses	(22,140)	1	(22,139)	(92,530)	5	(92,525)
Profit from operations	13,077		13,078	73,407		73,412
Finance costs	(1,055)		(1,055)	(2,590)		(2,590)
Profit before tax	12,022		12,023	70,817		70,822
Income tax expense	(2,502)		(2,502)	(18,644)		(18,644)
Profit after tax, representing total comprehensive income for the financial year	9,520		9,521	52,173		52,178
Profit after tax and total comprehensive income attributable to:						
Equity holders of the Company	9,520		9,521	52,173		52,178
Basic/diluted earnings per ordinary share (sen) (Note B11)	0.84		0.84	4.50		4.50

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(b) Fair value of investment property (cont'd)

RESTATEMENT OF CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As previously stated, audited 31.12.2016 RM'000	Effects of change in accounting policy for investment property RM'000	As restated 31.12.2016 RM'000
Assets			
Non-current assets			
Property, plant and equipment	318,801		318,801
Investment property	212	188	400
Intangible assets	35,822		35,822
Other investments	1		1
	<u>354,836</u>		<u>355,024</u>
Current assets			
Inventories	263,948		263,948
Sundry receivables	92,003		92,003
Tax recoverable	13,268		13,268
Cash and bank balances	49,450		49,450
	<u>418,669</u>		<u>418,669</u>
Total assets	<u>773,505</u>		<u>773,693</u>
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	123,338		123,338
Share premium	1,361,800		1,361,800
Capital reorganisation deficit	(1,343,248)		(1,343,248)
Retained profits	83,924	142	84,066
	<u>225,814</u>		<u>225,956</u>
Treasury shares	(190,625)		(190,625)
Total equity	<u>35,189</u>		<u>35,331</u>
Non-current liabilities			
Provisions	6,955		6,955
Borrowings	25,219		25,219
Deferred tax liabilities	15,818	46	15,864
	<u>47,992</u>		<u>48,038</u>
Current liabilities			
Provisions	158		158
Borrowings	90,473		90,473
Trade payables	461,506		461,506
Other payables	138,168		138,168
Taxation	19		19
	<u>690,324</u>		<u>690,324</u>
Total liabilities	<u>738,316</u>		<u>738,362</u>
Total equity and liabilities	<u>773,505</u>		<u>773,693</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(c) New accounting pronouncements

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.

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

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 year under review.

A6. CHANGES IN ESTIMATES

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

A7. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in composition of the Group during the financial year 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 year ended 31 December 2017 and period up to the date of this announcement.

A9. DIVIDEND PAID

During the financial year ended 31 December 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 year ended 31 December 2017 is as follows:

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
For the twelve months ended 31 December 2017			
Convenience stores	2,186,812	-	2,186,812
Others	290	697	987
Inter-segment elimination	-	(697)	(697)
	<u>2,187,102</u>	<u>-</u>	<u>2,187,102</u>
For the twelve months ended 31 December 2016			
Convenience stores	2,103,088	-	2,103,088
Others	279	52,697	52,976
Inter-segment elimination	-	(52,697)	(52,697)
	<u>2,103,367</u>	<u>-</u>	<u>2,103,367</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A10. SEGMENT REPORT (CONT'D)

	CUMULATIVE QUARTER	
	12 months ended	
Results	31.12.2017	Restated
	RM'000	31.12.2016
		RM'000
Convenience stores	80,637	71,802
Others	(1,797)	(170)
	<u>78,840</u>	<u>71,632</u>
Interest income	888	1,780
Profit from operations	79,728	73,412
Finance costs	(9,232)	(2,590)
Profit before tax	70,496	70,822
Income tax expense	(20,389)	(18,644)
Net profit for the year	50,107	52,178

A11. PROPERTY, PLANT AND EQUIPMENT

During the 12 months ended 31 December 2017, the Group acquired assets at costs of RM44.8 million (2016 : RM65.7 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

The Management determined that the freehold and leasehold land and buildings constitutes one class of asset under MFRS 13 Fair Value Measurement, based on the nature, characteristics and risks of the freehold and leasehold land and buildings.

Fair value of the freehold and leasehold land and buildings were determined using the market comparison method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of each specific properties. As at the date of valuation, the freehold and leasehold land and buildings' fair value was assessed and confirmed by management based on valuations performed by an independent professional valuer specialising in valuing property of similar nature.

If the freehold and leasehold land and buildings were measured using the cost model, its carrying amount would have been RM33.2 million (31 December 2016: RM34.2 million) as at 31 December 2017.

A12. INTANGIBLE ASSETS

During the 12 months ended 31 December 2017, the Group acquired computer software assets at costs of RM3.8 million (2016 : RM12.7 million).

A13. INVESTMENT PROPERTY

The Management determined that the land and building held by the Group in investment property constitutes one class of asset under MFRS 13 Fair Value Measurement, based on the nature, characteristics and risks of the land and buildings.

Fair value of the land and building were determined using the market comparison method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As at the date of valuation, the leasehold land and building's fair value was assessed and confirmed by management based on valuation performed by an independent professional valuer specialising in valuing property of similar nature.

If the leasehold land and building were measured using the cost model, its carrying amount would have been RM0.2 million (31 December 2016: RM0.2 million) as at 31 December 2017.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2017 RM'000	31.12.2016 RM'000
With a subsidiary company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Dividend receivable from 7-Eleven Malaysia	-	52,000
	Advances (to)/from 7-Eleven Malaysia (from)/to 7-Eleven Malaysia Holdings	(6,256)	101,676
	Interest expense on advances from 7-Eleven Malaysia	4,631	1,448
	Interest income on dividend receivable from 7-Eleven Malaysia	-	1,210
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	27,239	25,684
	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	1,152,605	710,960
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	12,041	9,613
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	194,511	151,080
	Receipts of payment from U Mobile for advertisement placement fees	6,833	6,182
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipts of payment from BChannel for advertisement placement fees	50	1,258

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A14. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2017 RM'000	31.12.2016 RM'000
With companies in which TSVT is deemed interested*			
Sun Media Corporation Sdn. Bhd. ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	740	739
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	720	720
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	10,888	17,603
Berjaya Sampo Insurance Berhad ("Berjaya Sampo")	Payments to Berjaya Sampo for insurance premium	2,459	1,753
Nural Enterprise Sdn. Bhd. ("Nural")	Payments to Nural for rental of property	1,369	1,382
Berjaya Times Square Sdn. Bhd. ("BTS")	Payments to BTS for rental of property	558	539

* 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.

A15. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM9,154,878 (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 FOURTH QUARTER ENDED 31 DECEMBER 2017
NOTES TO THE INTERIM FINANCIAL REPORT

A16. CAPITAL COMMITMENTS

	The Group	
	Unaudited As at 31.12.2017 RM'000	Audited As at 31.12.2016 RM'000
Approved and contracted for		
- property, plant and equipment	4,604	-
- intangible assets	-	1,635
	<u>4,604</u>	<u>1,635</u>
Approved but not contracted for		
- property, plant and equipment	103,145	111,130
	<u>103,145</u>	<u>111,130</u>
	<u>107,749</u>	<u>112,765</u>

A17. SUBSEQUENT EVENT

There were no significant events since the end of this current quarter up to the date of this announcement.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 RM546.2 million grew by RM22.6 million or 4.3% against the corresponding quarter's revenue in the previous year of RM523.6 million. The growth in revenue continued to be driven by the growth in new stores, higher average spend per customer and better consumer promotion activity.

Gross profit of RM173.8 million improved by RM13.1 million or 8.2% compared to the corresponding quarter in the previous year. This was mainly attributed to the increase in revenue and improvement in gross margin by 1.1% points. The improvement in gross margin was due to higher sales contribution from those categories with higher gross profit margins.

Other operating income of RM42.7 million increased by RM10.5 million or 32.4% compared to the corresponding quarter in the previous year. This is mainly attributed by compensation income from vendors of RM9.3 million in the current quarter.

Selling and distribution expenses for the quarter increased by RM6.5 million or 4.1% against the corresponding quarter of the previous year. This was mainly due to new store expansion resulting in higher rental cost, store depreciation expense and utility cost.

Administrative and other operating expenses for the quarter increased by RM1.0 million or 4.4% due to increase in staff cost.

The increase in revenue, gross margin improvement and other operating income resulted in the Group's profit after tax of RM15.9 million, an increase of RM6.3 million or 66.5% as compared to the corresponding periods in previous year.

Review of 12 Months Period Performance versus Corresponding Period Last Year

For the 12 months ended 31 December 2017, the Group's revenue of RM2.19 billion grew RM83.7 million or 4.0% against the corresponding period in the previous year of RM2.10 billion. The growth in revenue was driven by the growth in new stores, higher average spend per customer, improved merchandise mix and consumer promotion activity.

Gross profit improved by RM44.8 mil or 6.9% compared to the corresponding 12 months in the previous year. This was mainly attributed to the revenue growth and gross profit margin expansion of 0.9% points.

Other operating income increased by RM21.7 million or 18.8% compared to the corresponding 12 months in the previous year. This was mainly due to increase in marketing income by RM11.5 million and compensation income from vendors of RM9.3 million.

Selling and distribution expenses for the 12 months ended 31 December 2017 increased by RM55.1 million or 9.2% against the corresponding period of previous year. This is mainly due to impact of minimum wages which came into effect from 1st July 2016, new store expansion and depreciation.

Administrative and other operating expenses increased by RM5.0 million or 5.4% against the corresponding 12 months in the previous year. This is mainly due to the increase in staff cost and staff training.

This resulted in the Group's profit after tax of RM50.1 million a decrease of RM2.1 million or 4.0% compared to the corresponding 12 months in the previous year.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
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 fourth quarter of RM26.6 million was higher than the immediate preceding quarter of RM19.2 million by RM7.4 million or 38.5%. The increase is from higher other operating income due to compensation income from vendors of RM9.3 million in current quarter vs last quarter.

B3. PROSPECTS

The Board of Directors is of the view that the trading conditions for the next quarter is expected to remain challenging. We expect to see continued improvements in the next quarter 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.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
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 12 months ended	
	31.12.2017 RM'000	Restated 31.12.2016 RM'000	31.12.2017 RM'000	Restated 31.12.2016 RM'000
Interest income	(281)	(261)	(888)	(1,780)
Depreciation of property, plant and equipment	14,339	13,020	55,864	50,791
Property, plant and equipment written off	868	532	2,704	2,669
Amortisation of intangible assets	1,083	1,231	4,313	2,309
Provision for and write off of inventories	1,202	1,289	5,545	3,793
Provision for doubtful debts	231	-	371	-
Bad debt written off	5	-	5	-
Reversal of impairment loss of property, plant and equipment	-	-	-	(666)
(Gain)/loss on disposal of property, plant and equipment	(29)	321	(100)	312
Impairment loss on sundry receivables	-	21	-	21
(Gain)/loss on foreign exchange translation differences	(50)	6	(92)	15

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 and financial year ended 31 December 2017.

B6. TAXATION

	CURRENT QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Income tax:				
Current period provision	6,045	977	23,780	12,013
Over provision in prior year	94	-	(2,751)	(427)
	<u>6,139</u>	<u>977</u>	<u>21,029</u>	<u>11,586</u>

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B6. TAXATION (CONT'D)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Deferred tax				
Relating to origination and reversal of temporary differences	3,077	1,502	(2,125)	7,385
Overprovision in prior year	1,485	23	1,485	(327)
	<u>4,562</u>	<u>1,525</u>	<u>(640)</u>	<u>7,058</u>
	<u>10,701</u>	<u>2,502</u>	<u>20,389</u>	<u>18,644</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 year ended 31 December 2017 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.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B8. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 31 December 2017 are as follows: -

	Unaudited As at 31.12.2017 RM'000	Restated As at 31.12.2016 RM'000
Short term borrowings		
Secured:		
Hire purchase and finance lease liabilities	19	160
Unsecured:		
Bankers' acceptances	71,800	65,513
Term loan	11,800	4,800
Revolving credit	60,000	20,000
	<u>143,619</u>	<u>90,473</u>
Long term borrowings		
Secured:		
Hire purchase and finance lease liabilities	-	19
Unsecured:		
Term loan	42,400	25,200
	<u>42,400</u>	<u>25,219</u>
Total borrowings		
Bankers' acceptances	71,800	65,513
Term loan	54,200	30,000
Revolving credit	60,000	20,000
Hire purchase and finance lease liabilities	19	179
	<u>186,019</u>	<u>115,692</u>

B9. MATERIAL LITIGATION

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

B10. DIVIDEND

No dividend was declared or recommended for payment by the Company for the current quarter. The Board of Directors had declared an interim single tier dividend of 2.3 sen and a special single tier dividend of 2.4 sen in the previous corresponding quarter ended 31 December 2016.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B11. EARNINGS PER SHARE

	CURRENT QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.12.2017	Restated 31.12.2016	31.12.2017	Restated 31.12.2016
Net profit attributable to ordinary shares (RM'000)	15,855	9,521	50,107	52,178
Weighted average number of ordinary shares in issue ('000)	1,110,385	1,135,102	1,110,385	1,158,619
Basic/diluted earnings per ordinary share (sen)	<u>1.43</u>	<u>0.84</u>	<u>4.51</u>	<u>4.50</u>

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

B12. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 31 December 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 As at 31.12.2017 RM'000	Restated As at 31.12.2016 RM'000
Realised profits	101,421	99,930
Unrealised losses	<u>(19,436)</u>	<u>(15,864)</u>
Total retained profits as per condensed consolidated statements of changes in equity	<u>81,985</u>	<u>84,066</u>