

7-Eleven Malaysia Holdings Berhad

[Registration No: 201301028701 (1058531-W)]

Date : 26 August 2020

Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2020

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.6.2020	Restated * 30.6.2019	30.6.2020	Restated * 30.6.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	649,731	588,779	1,269,023	1,172,510
Cost of sales	(477,237)	(398,454)	(903,982)	(799,152)
Gross profit	172,494	190,325	365,041	373,358
Other operating income	42,994	32,109	76,154	60,405
Selling and distribution expenses	(157,619)	(161,908)	(317,538)	(321,138)
Administrative and other operating expenses	(36,060)	(28,213)	(71,421)	(53,775)
Profit from operations	21,809	32,313	52,236	58,850
Finance costs	(15,296)	(10,956)	(25,635)	(21,405)
Share of results of an associate	(305)	-	(649)	-
Profit before tax	6,208	21,357	25,952	37,445
Income tax expense	(3,537)	(6,768)	(11,911)	(11,702)
Profit after tax	2,671	14,589	14,041	25,743
Profit after tax attributable to:				
Equity holders of the Company	1,033	14,588	12,404	25,733
Non-controlling interest	1,638	1	1,637	10
	2,671	14,589	14,041	25,743
Total comprehensive income for the financial year				
Equity holders of the Company	1,033	14,588	12,404	25,733
Non-controlling interest	1,638	1	1,637	10
	2,671	14,589	14,041	25,743
Basic/diluted earnings per ordinary share (sen) (Note B11)	0.09	1.28	1.08	2.27

* The presentation and classification in the previous financial year have been reclassified to conform with current year's presentation.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	The Group	
	Unaudited	Audited
	As at	As at
	30.6.2020	31.12.2019
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	367,624	338,129
Right of use assets	642,893	608,530
Intangible assets	329,479	29,390
Other investments	3,191	28,000
Investment in an associate	6,863	-
Sundry receivables	22,654	14,533
Deferred tax assets	1,860	-
	<u>1,374,564</u>	<u>1,018,582</u>
Current assets		
Inventories	324,409	231,330
Sundry receivables	68,391	75,900
Cash and bank balances	157,698	96,207
	<u>550,498</u>	<u>403,437</u>
Total assets	<u>1,925,062</u>	<u>1,422,019</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	1,485,138	1,485,138
Treasury shares	(128,928)	(128,928)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Assets revaluation reserve	41,969	41,969
Retained profits	27,830	46,985
	<u>82,761</u>	<u>101,916</u>
Non-controlling interest	48,392	195
Total equity	<u>131,153</u>	<u>102,111</u>
Non-current liabilities		
Provisions	9,070	9,804
Borrowings	379,840	25,200
Lease liabilities	549,905	530,520
Contract liabilities	5,882	4,549
Deferred tax liabilities	8,687	9,872
	<u>953,384</u>	<u>579,945</u>
Current liabilities		
Provisions	1,325	529
Borrowings	163,567	124,200
Trade payables	438,022	403,259
Other payables	120,752	129,449
Lease liabilities	100,508	76,592
Contract liabilities	3,680	2,510
Taxation	12,671	3,424
	<u>840,525</u>	<u>739,963</u>
Total liabilities	<u>1,793,909</u>	<u>1,319,908</u>
Total equity and liabilities	<u>1,925,062</u>	<u>1,422,019</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>7.20</u>	<u>9.09</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to Equity Holders of the Company							Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Treasury shares RM'000	Capital reorganisation deficit RM'000	Assets revaluation reserve RM'000	Retained profits RM'000	Total RM'000			
At 1 January 2020									
As previously stated	1,485,138	(128,928)	(1,343,248)	41,969	46,985	101,916	195	102,111	
Acquisition of a subsidiary	-	-	-	-	-	-	48,579	48,579	
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	(5,105)	(5,105)	(2,019)	(7,124)	
Dividends paid	-	-	-	-	(26,454)	(26,454)	-	(26,454)	
Total comprehensive income	-	-	-	-	12,404	12,404	1,637	14,041	
At 30 June 2020	1,485,138	(128,928)	(1,343,248)	41,969	27,830	82,761	48,392	131,153	
At 1 January 2019									
As previously stated	1,485,138	(161,941)	(1,343,248)	41,152	71,208	92,309	169	92,478	
MFRS 16 adoption	-	-	-	-	(18,175)	(18,175)	-	(18,175)	
As restated	1,485,138	(161,941)	(1,343,248)	41,152	53,033	74,134	169	74,303	
Total comprehensive income	-	-	-	817	54,058	54,875	26	54,901	
Dividends on ordinary shares	-	33,013	-	-	(60,106)	(27,093)	-	(27,093)	
At 31 December 2019	1,485,138	(128,928)	(1,343,248)	41,969	46,985	101,916	195	102,111	

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE QUARTER	
	6 months ended	
	30.6.2020	30.6.2019
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	1,385,037	1,260,737
Cash paid to suppliers and employees	(1,318,838)	(1,130,716)
Cash generated from operations	<u>66,199</u>	<u>130,021</u>
Interest paid	(8,734)	(3,976)
Tax paid	(5,843)	(9,229)
Net cash generated from operating activities	<u>51,622</u>	<u>116,816</u>
Cash flows from investing activities		
Acquisition of an associate	(7,512)	-
Acquisition of a subsidiary	(259,405)	-
Purchase of property, plant and equipment	(22,523)	(34,610)
Proceeds from disposal of property, plant and equipment	84	70
Dividend received	29	-
Interest received	1,102	424
Net cash used in investing activities	<u>(288,225)</u>	<u>(34,116)</u>
Cash flows from financing activities		
Dividends paid on ordinary shares	(26,454)	(27,093)
Proceeds from bankers' acceptances	153,100	83,500
Proceeds from term loan	377,000	-
Payment of principal portion of lease liabilities	(61,759)	(57,131)
Repayment of bankers' acceptances	(134,000)	(110,000)
Repayment of term loans	(9,951)	(7,400)
Repayment of hire purchase and finance lease liabilities	(43)	(167)
Net cash generated from/(used in) financing activities	<u>297,893</u>	<u>(118,291)</u>
Net decrease in cash and cash equivalents	61,290	(35,591)
Cash and cash equivalents at beginning of the financial period	96,207	72,548
Cash and cash equivalents at end of the financial period	157,497	36,957

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

Cash and bank balances	121,947	35,906
Fixed deposits with licensed banks	1,274	1,051
Short term funds	34,477	-
	<u>157,698</u>	<u>36,957</u>
Less: Fixed deposit pledged to licensed bank	(201)	-
	<u>157,497</u>	<u>36,957</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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.

During the financial period, the Company acquired Caring Pharmacy Group Berhad ("Caring Group"), which operates in pharmaceutical chain retail, under the "Caring" brand name.

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

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 2019.

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 2019 except as follows:

On 1 January 2020, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2020:

Description	Effective for annual financial periods beginning on or after
Amendments to MFRS 3: <i>Business Combinations</i>	1 January 2020
Amendments to MFRS 7: <i>Financial Instruments: Disclosures</i>	1 January 2020
Amendments to MFRS 9: <i>Financial Instruments</i>	1 January 2020
Amendments to MFRS 16: <i>Covid-19 Related Rent Concessions</i>	1 January 2020
Amendments to MFRS 101: <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020

Adoption of the above standards and interpretations did not have any significant impact on the financial performance or position of the Group.

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:

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Description	Effective for annual financial periods beginning on or after
MFRS 17 : Insurance Contracts	1 January 2021
Amendments to MFRS 101 Presentation of Financial Statements: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: <i>Onerous Contracts- Cost of Fulfilling a Contract</i>	1 January 2022
Annual improvements to MFRS Standards 2018 - 2020 Cycle	1 January 2022
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	
(ii) Amendments to MFRS 9: Financial Instruments	
(iii) Amendments to MFRS 16: Leases	
(iv) Amendments to MFRS 141: Agriculture	

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 2020. 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.

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 year that have had a material effect in the current financial period.

A7. CHANGES IN COMPOSITION OF THE GROUP

On 27 December 2019, 7-Eleven Malaysia Sdn Bhd ("SEMSB"), a subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had entered into a subscription agreement for the subscription of 490,030 new ordinary shares ("Subscription Shares") representing about 46.45% equity interest in the enlarged issued share capital of Dego Malaysia Sdn Bhd ("**DEGO**") (*formerly known as Myinteractivelab Sdn Bhd*) for a cash consideration of RM7,512,160. The Subscription has been completed on 3 January 2020. DEGO is now a 46.45% associated company of SEM.

On 28 November 2019, Convenience Shopping (Sabah) Sdn Bhd ("CSSSB"), a wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad had entered into a conditional share sale agreement ("SSA") with Motivasi Optima Sdn Bhd for the acquisition of 55,198,000 ordinary shares in Caring Pharmacy Group Berhad ("**Caring**") ("Caring Shares"), representing approximately 25.35% equity interest in Caring.

The SSA became unconditional on 14 February 2020 and as such, RHB Investment Bank Berhad, on behalf of CSSSB, served a notice of unconditional mandatory take-over offer on the board of directors of Caring in accordance with Paragraph 9.01(1) of the Rules, to acquire all the remaining Caring Shares not already held by CSSSB, SEM and the PACs for the Offer Price ("Offer").

On 25 March 2020, CSSSB received valid acceptances in respect of the Caring Shares pursuant to the Offer which allows CSSSB to compulsorily acquire all the remaining Caring Shares for which valid acceptances have not been received on or prior to the closing date of the Offer ("Compulsory Acquisition"). The Compulsory Acquisition has been completed on 9 June 2020. Following this, Caring, through CSSSB, is now a 75%-owned subsidiary of the Company, with a total consideration of RM423,232,892.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
NOTES TO THE INTERIM FINANCIAL REPORT

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 2020 and period up to the date of this announcement.

A9. DIVIDEND PAID

During the financial period ended 30 June 2020, the Company paid a single tier cash dividend of 2.3 sen per ordinary share on 1,150,189,924 ordinary shares with voting rights. The entitlement date was fixed on 13 May 2020 and the cash dividend was paid on 28 May 2020.

A10. SEGMENT REPORT

Segmental analysis for the financial year ended 30 June 2020 is as follows:

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
For the six months ended 30 June 2020			
Convenience stores	1,129,820	-	1,129,820
Pharmaceutical	139,097	-	139,097
Others	106	348	454
Inter-segment elimination	-	(348)	(348)
	<u>1,269,023</u>	<u>-</u>	<u>1,269,023</u>
For the six months ended 30 June 2019			
Convenience stores	1,172,405	-	1,172,405
Others	105	349	454
Inter-segment elimination	-	(349)	(349)
	<u>1,172,510</u>	<u>-</u>	<u>1,172,510</u>

Results	CUMULATIVE QUARTER 6 months ended	
	30.6.2020 RM'000	30.6.2019 RM'000
Convenience stores	54,076	59,141
Pharmaceutical	6,376	-
Others	(9,318)	(715)
	<u>51,134</u>	<u>58,426</u>
Interest income	1,102	424
Profit from operations	52,236	58,850
Share of results of an associate	(649)	-
Finance costs	(25,635)	(21,405)
Profit before tax	25,952	37,445
Income tax expense	(11,911)	(11,702)
Net profit for the year	14,041	25,743

A11. PROPERTY, PLANT AND EQUIPMENT

During the 6 months ended 30 June, the Group acquired assets at costs of RM22.5 million (2019 : RM34.6 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

A12. INVESTMENT PROPERTY

The valuation of investment property has been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2019.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER	
		30.6.2020 RM'000	30.6.2019 RM'000
With a subsidiary company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Advances from/(to) 7-Eleven Malaysia	6,035	(34,380)
	Interest expense on advances from 7-Eleven Malaysia	1,577	2,064
With companies in which TSVT is deemed interested*			
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	7,788	7,085
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	122,480	112,599
	Receipts of payment from U Mobile for advertisement placement fees	4,464	3,898
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	4,337	5,271
Berjaya Food Trading Sdn Bhd ("B Food")	Payment to B Food for purchase of beverages	1,428	1,911
Nural Enterprise Sdn Bhd ("Nural")	Payments to Nural for rental of property	691	662
Razer Pay Holdings Pte. Ltd. and its subsidiary companies ("Razer")	Receipts of commission from Razer for in-store services	16,389	-
	Payments to Razer for transaction values for in-store services	1,314,372	-
	Receipts of transaction values from Razer for e-wallet transactions	62,699	-

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
NOTES TO THE INTERIM FINANCIAL REPORT

A14. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM8,849,068 (31 December 2019: RM8,879,111) as security deposits in favour of various government and statutory bodies, and private companies.

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

A15. CAPITAL COMMITMENTS

	The Group	
	Unaudited	Audited
	As at	As at
	30.6.2020	31.12.2019
	RM'000	RM'000
Property, plant and equipment		
- approved and contracted for	10,376	13,913
- approved but not contracted for	84,660	115,697
	<u>95,036</u>	<u>129,610</u>

A16. 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 SECOND QUARTER ENDED 30 JUNE 2020
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

	Convenience store	Corporate exercise	Pharmaceutical	Total 2Q 2020	Total 2Q 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	510,634	NA	139,097	649,731	588,779
PAT	4,280	(7,445)	5,836	2,671	14,589

The group's performance in the current quarter was affected by the Covid-19 pandemic as during Movement Control Order ("MCO") (imposed from 18 March till 3 May), stores in the malls are closed while others are operating under restricted hours. All our stores have since re-opened, however they are still not allowed to operate 24 hours under the Recovery Movement Control Order ("RMCO") guidelines.

Revenue from convenience stores declined by RM78.2m or 13.3%. Most product categories recorded lower revenue with the exception of tobacco which grew 22.7%, resulting in lower gross margins and gross profits.

Operating expenses improved for the current quarter by RM28.2m or 14.8% due to lower wages from hiring freeze, lower utilities, maintenance, and rents. Additionally, higher marketing income of RM4.4m or 13.7% cushioned the impact of lower Gross Profits which declined RM48.4m or 25.4%. Excluding expenses incurred in the corporate exercise, the convenience store segment recorded a core Profit After Tax of RM4.3m.

Corporate exercise expenses which is primarily professional fees and interest to finance the acquisition of Caring Group amounts to RM7.4m for the quarter.

In the pharmaceutical segment, new acquisition into Caring Group in the current quarter contributed a Revenue and Profit After Tax of RM139.1m and RM5.8m respectively.

The Group's consolidated Profit after tax for the current quarter after taking into consideration the corporate exercise expenses stands at RM2.7m.

Review of 6 Months Period Performance versus Corresponding Period Last Year

	Convenience store	Corporate exercise	Pharmaceutical (3 months)	Total YTD 2Q 2020	Total YTD 2Q 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,129,926	NA	139,097	1,269,023	1,172,510
PAT	24,317	(16,112)	5,836	14,041	25,743

Revenue from the convenience stores declined by RM42.6m or 3.6%, primarily driven by lower sales in Q2 as a result of MCO. Excluding expenses incurred in the corporate exercise, the convenience store segment recorded a core Profit After Tax of RM24.3m.

Corporate exercise expenses incurred for 6 month ended 30 June 2020 amounts to RM16.1m.

In the pharmaceutical segment, new acquisition in Caring Group in the second quarter contributed a Revenue and Profit After Tax of RM139.1m and RM5.8m respectively.

The Group's consolidated Profit After Tax for the 6 months ended 30 June 2020 after taking into consideration the corporate exercise expenses is reported at RM14.0m.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
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 recorded a lower profit before tax for the second quarter by RM13.5m or 68.6% against the immediate preceding quarter as the current quarter was adversely affected by Covid-19 pandemic.

B3. PROSPECTS

The country is now in RMCO stage and the Group is still operating under restricted hours and adhering the Standard Operating Procedures such as physical distancing which limits customers in stores. Nevertheless, the Group expects the trading condition to gradually recover towards the second half of the year and will continue to explore opportunities for growth in other channels and innovate in our product offerings. We will also continue to focus on our customer's needs, pursuing our core strategy pillars of Operational Excellence, Cost Management and Commercial Innovation, at the same time refreshing the 7-Eleven and Caring brand in the mind of customers through refreshed stores, innovations in our pricing, promotions, and developing exciting products.

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 SECOND QUARTER ENDED 30 JUNE 2020
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	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	1,130	1,130	2,259	2,259
Amortisation of right of use	28,900	23,617	50,821	45,661
Depreciation of property, plant and equipment	17,058	15,003	32,928	29,612
Dividend income	-	-	(29)	-
Fair value changes of FVTPL for investments in quoted shares	174	-	1,432	-
(Gain)/Loss on foreign exchange translation differences	(2)	23	(32)	102
Impairment of goodwill	-	-	-	381
Impairment loss of receivables	-	1,650	-	2,150
Impairment on property, plant and equipment	86	-	86	-
Interest income	(878)	(195)	(1,102)	(424)
Loss/(Gain) on disposal of property, plant and equipment	436	(1)	511	(19)
Property, plant and equipment written off	1,512	511	1,773	519
Provision for and write off of inventories	2,841	1,937	6,064	3,937

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 period ended 30 June 2020.

B6. TAXATION

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period	4,784	6,688	13,829	11,702
Over provision in prior year	(1)	-	(1)	-
	<u>4,783</u>	<u>6,688</u>	<u>13,828</u>	<u>11,702</u>
Deferred tax:				
Relating to reversal of temporary differences	(1,266)	80	(1,937)	-
Under provision in prior year	20	-	20	-
	<u>(1,246)</u>	<u>80</u>	<u>(1,917)</u>	<u>-</u>
	<u>3,537</u>	<u>6,768</u>	<u>11,911</u>	<u>11,702</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 2020 were higher than the Malaysian's statutory tax rate mainly due to certain expenses not deductible under tax legislation.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B7. STATUS OF CORPORATE PROPOSALS

On 28 November 2019, Convenience Shopping (Sabah) Sdn Bhd ("**CSSSB**"), a wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad had entered into a conditional share sale agreement ("**SSA**") with Motivasi Optima Sdn Bhd for the acquisition of 55,198,000 ordinary shares in Caring Pharmacy Group Berhad ("**Caring**") ("**Caring Shares**"), representing approximately 25.35% equity interest in Caring for a total cash consideration of RM143,514,800 or RM2.60 per Caring Share ("**Acquisition**").

Pursuant to the Acquisition, the collective shareholdings of CSSSB and identified persons acting in concert with it in Caring increased from 13.41% to 38.77%. Accordingly, upon the SSA becoming unconditional, CSSSB is obliged to extend a mandatory take-over offer to acquire all the remaining Caring Shares not already owned by CSSSB and persons acting in concert with it ("**PACs**") at a cash offer price of RM2.60 per Caring Share ("**Offer Price**") pursuant to Section 218(2) of the Capital Markets and Services Act 2007 ("**CMSA**") and Paragraph 4.01(a) of the Rules and Take-overs, Mergers and Compulsory Acquisitions ("**Rules**").

The SSA became unconditional on 14 February 2020 and as such, RHB Investment Bank Berhad, on behalf of CSSSB, served a notice of unconditional mandatory take-over offer on the board of directors of Caring in accordance with Paragraph 9.01(1) of the Rules, to acquire all the remaining Caring Shares not already held by CSSSB, SEM and the PACs for the Offer Price ("**Offer**").

The SSA was completed on 27 February 2020.

On 25 March 2020, CSSSB received valid acceptances in respect of the Caring Shares pursuant to the Offer which allows CSSSB to compulsorily acquire all the remaining Caring Shares for which valid acceptances have not been received on or prior to the closing date of the Offer ("**Compulsory Acquisition**").

The Offer closed on 10 April 2020. Subsequently, on 27 April 2020, CSSSB invoked the provisions of Section 222(1) of the CMSA, subject to Section 224 of the CMSA, for the Compulsory Acquisition, and the notice for the Compulsory Acquisition was despatched to the dissenting shareholders of Caring on the same date ("**Compulsory Acquisition Notice**").

Caring was delisted from the Official List of Bursa Malaysia Securities Berhad on 8 May 2020. The Compulsory Acquisition has been completed on 9 June 2020. Following this, Caring, through CSSSB, is now a 75%-owned subsidiary of the Company.

B8. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 30 June 2020 are as follows: -

	Unaudited As at 30.6.2020 RM'000	Audited As at 31.12.2019 RM'000
Short term borrowings		
Secured:		
Term loan	20,267	-
Unsecured:		
Bankers' acceptances	64,100	45,000
Term loan	19,200	19,200
Revolving credit	60,000	60,000
	<u>163,567</u>	<u>124,200</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2020
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B8. GROUP BORROWINGS (CONT'D)

	Unaudited As at 30.6.2020 RM'000	Audited As at 31.12.2019 RM'000
Long term borrowings		
Secured:		
Term loan	364,240	-
Unsecured:		
Term loan	15,600	25,200
	<u>379,840</u>	<u>25,200</u>
Total borrowings		
Bankers' acceptances	64,100	45,000
Term loan	419,307	44,400
Revolving credit	60,000	60,000
	<u>543,407</u>	<u>149,400</u>

B9. MATERIAL LITIGATION

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

B10. DIVIDEND

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

B11. EARNINGS PER SHARE

	CURRENT QUARTER 3 months ended		CUMULATIVE QUARTER 6 months ended	
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
Net profit attributable to equity holders of the company (RM'000)	1,033	14,588	12,404	25,733
Weighted average number of ordinary shares in issue ('000)	1,150,191	1,140,961	1,150,191	1,131,300
Basic/diluted earnings per ordinary share (sen)	<u>0.09</u>	<u>1.28</u>	<u>1.08</u>	<u>2.27</u>

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

B12. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not qualified.