

7-Eleven Malaysia Holdings Berhad

[Registration No: 201301028701 (1058531-W)]

Date : 26 February 2021

Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2020

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
		Restated *		Restated *
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Revenue	591,417	592,730	2,537,564	2,361,058
Cost of sales	(432,634)	(411,459)	(1,817,141)	(1,620,671)
Gross profit	158,783	181,271	720,423	740,387
Other operating income	55,451	45,041	169,607	143,059
Selling and distribution expenses	(139,137)	(162,155)	(616,565)	(645,850)
Administrative and other operating expenses	(47,212)	(36,634)	(154,246)	(117,333)
Profit from operations	27,885	27,523	119,219	120,263
Finance costs	(14,226)	(11,419)	(54,274)	(43,610)
Share of results of an associate	-	-	(966)	-
Profit before tax	13,659	16,104	63,979	76,653
Income tax expense	(8,137)	(4,737)	(28,626)	(22,569)
Profit after tax	5,522	11,367	35,353	54,084
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Revaluation of land and buildings	337	1,010	337	1,010
Deferred taxation	(92)	(193)	(92)	(193)
Total other comprehensive income (net of taxation):	245	817	245	817
Total comprehensive income for the financial year	5,767	12,184	35,598	54,901
Profit after tax attributable to:				
Equity holders of the Company	4,444	11,347	29,766	54,058
Non-controlling interest	1,078	20	5,587	26
	5,522	11,367	35,353	54,084
Total comprehensive income for the financial year				
Equity holders of the Company	4,689	12,164	30,011	54,875
Non-controlling interest	1,078	20	5,587	26
	5,767	12,184	35,598	54,901
Basic/diluted earnings per ordinary share (sen) (Note B11)	0.39	0.99	2.60	4.74

* 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 FOURTH QUARTER ENDED 31 DECEMBER 2020
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 31.12.2020 RM'000	Audited As at 31.12.2019 RM'000
Assets		
Non-current assets		
Property, plant and equipment	372,126	338,129
Right of use assets	647,238	608,530
Intangible assets	425,493	29,390
Other investments	5,174	28,000
Sundry receivables	13,782	14,533
Deferred tax assets	2,518	-
	<u>1,466,331</u>	<u>1,018,582</u>
Current assets		
Inventories	288,947	231,330
Sundry receivables	90,896	75,900
Cash and bank balances	179,573	96,207
	<u>559,416</u>	<u>403,437</u>
Total assets	<u>2,025,747</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	(157,243)	(128,928)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Assets revaluation reserve	42,214	41,969
Retained profits	39,899	46,985
	<u>66,760</u>	<u>101,916</u>
Non-controlling interest	94,461	195
Total equity	<u>161,221</u>	<u>102,111</u>
Non-current liabilities		
Provisions	9,572	9,804
Borrowings	331,710	25,200
Lease liabilities	557,527	530,520
Contract liabilities	10,563	4,549
Deferred tax liabilities	56,498	9,872
	<u>965,870</u>	<u>579,945</u>
Current liabilities		
Provisions	806	529
Borrowings	201,365	124,200
Trade payables	437,689	403,259
Other payables	141,578	129,449
Lease liabilities	102,322	76,592
Contract liabilities	3,981	2,510
Taxation	10,915	3,424
	<u>898,656</u>	<u>739,963</u>
Total liabilities	<u>1,864,526</u>	<u>1,319,908</u>
Total equity and liabilities	<u>2,025,747</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>5.91</u>	<u>8.86</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to Equity Holders of the Company							
	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	Non-controlling interest RM'000	Total equity 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	-	-	-	-	-	-	95,197	95,197
Acquisition of treasury shares	-	(28,315)	-	-	-	(28,315)	-	(28,315)
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	(10,398)	(10,398)	(2,394)	(12,792)
Dividends paid	-	-	-	-	(26,454)	(26,454)	(4,124)	(30,578)
Total comprehensive income	-	-	-	245	29,766	30,011	5,587	35,598
At 31 December 2020	1,485,138	(157,243)	(1,343,248)	42,214	39,899	66,760	94,461	161,221
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 FOURTH QUARTER ENDED 31 DECEMBER 2020
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE QUARTER	
	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	2,755,517	2,528,621
Cash paid to suppliers and employees	(2,465,594)	(2,186,318)
Cash generated from operations	289,923	342,303
Interest paid	(19,636)	(7,629)
Tax paid	(33,605)	(25,955)
Tax refund	631	1,198
Net cash generated from operating activities	<u>237,313</u>	<u>309,917</u>
Cash flows from investing activities		
Acquisition of an associate	(7,512)	-
Acquisition of a subsidiary	(259,405)	-
Changes in subsidiary's ownership interests that do not result in a loss of control	(5,669)	-
Purchase of quoted shares	(2,848)	(27,177)
Purchase of property, plant and equipment	(66,581)	(93,774)
Proceeds from disposal of property, plant and equipment	131	146
Proceeds from disposal of quoted shares	3,336	-
Dividend received	44	124
Interest received	1,747	861
Net cash used in investing activities	<u>(336,757)</u>	<u>(119,820)</u>
Cash flows from financing activities		
Acquisition of treasury shares	(28,315)	-
Dividends paid to shareholders of the Company	(26,454)	(27,093)
Dividends paid to non-controlling interest	(4,124)	-
Proceeds from bankers' acceptances	320,340	205,000
Proceeds from term loan	377,000	-
Payment of principal portion of lease liabilities	(134,221)	(117,032)
Repayment of bankers' acceptances	(282,400)	(211,145)
Repayment of term loans	(39,123)	(16,071)
Repayment of hire purchase and finance lease liabilities	(100)	(97)
Net cash generated from/(used in) financing activities	<u>182,603</u>	<u>(166,438)</u>
Net increase in cash and cash equivalents	83,159	23,659
Cash and cash equivalents at beginning of the financial year	96,207	72,548
Cash and cash equivalents at end of the financial year	<u>179,366</u>	<u>96,207</u>
Cash and cash equivalents at the end of the financial year comprises the following:-		
Cash and bank balances	132,925	95,309
Fixed deposits with licensed banks	499	898
Short term funds	46,149	-
	<u>179,573</u>	<u>96,207</u>
Less: Fixed deposit pledged to licensed bank	(207)	-
	<u>179,366</u>	<u>96,207</u>

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

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform- Phase 2</i>	1 January 2021
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Description	Effective for annual financial periods beginning on or after
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 3: Business Combination	
(iii) Amendments to MFRS 9: Financial Instruments	
(iv) Amendments to MFRS 16: Leases	
(v) Amendments to MFRS 141: Agriculture	
MFRS 17: Insurance Contracts	1 January 2023

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 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

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 FOURTH QUARTER ENDED 31 DECEMBER 2020
NOTES TO THE INTERIM FINANCIAL REPORT

A7. CHANGES IN COMPOSITION OF THE GROUP (CONT'D)

On 29 January 2021, Caring Pharmacy Retail Management Sdn Bhd ("Caring"), an indirect 75%-owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM"), completed the acquisitions of equity interests in pharmacy companies as well as business assets comprising the following:

- (i) 67% equity interest in The Pill House Pharmacy Sdn Bhd ("TPH") for a cash consideration of about RM24.94 million;
- (ii) 60% equity interest in Wellings Pharmacy Sdn Bhd ("Wellings") for a cash consideration of RM19.90 million;
- (iii) business assets in three (3) pharmacy outlets held by Farmasi Sri Nibong Sdn Bhd for a cash consideration of RM3.00 million; and
- (iv) business assets in one (1) pharmacy outlet held by Farmasi Sri Nibong (Pekaka) Sdn Bhd for a cash consideration of RM0.45 million.

Accordingly, TPH and Wellings, through Caring, are now 67% and 60%-owned subsidiaries of SEM.

A8. DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share cancellations and resales of treasury shares for the current financial year ended 31 December 2020 and period up to the date of this announcement other than the following:-

Treasury shares

During the financial year ended 31 December 2020, the Company repurchased 20,939,924 of its issued ordinary shares from the open market at an average price of RM1.35 per share with internally generated funds. The shares repurchased are being held as treasury shares.

The number of treasury shares brought back and held in hand as at 31 December 2020 are as follows:

Month	Price per share (RM)			Number of shares	Amount (RM'000)
	Lowest	Highest	Average		
July 2020	1.30	1.40	1.36	7,304,924	9,948
Oct 2020	1.32	1.38	1.35	7,515,700	10,158
Nov 2020	1.32	1.36	1.35	5,369,300	7,225
Dec 2020	1.29	1.33	1.31	750,000	984
				<u>20,939,924</u>	<u>28,315</u>

A9. DIVIDEND PAID

During the financial year ended 31 December 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 31 December 2020 is as follows:

Revenue	External RM'000	Inter-segment RM'000	Total RM'000
For the twelve months ended 31 December 2020			
Convenience stores	2,061,905	-	2,061,905
Pharmaceutical	475,476	-	475,476
Others	183	690	873
Inter-segment elimination	-	(690)	(690)
	<u>2,537,564</u>	<u>-</u>	<u>2,537,564</u>
For the twelve months ended 31 December 2019			
Convenience stores	2,360,848	-	2,360,848
Others	210	697	907
Inter-segment elimination	-	(697)	(697)
	<u>2,361,058</u>	<u>-</u>	<u>2,361,058</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020
NOTES TO THE INTERIM FINANCIAL REPORT

A10. SEGMENT REPORT (CONT'D)

	CUMULATIVE QUARTER	
	12 months ended	
Results	31.12.2020	31.12.2019
	RM'000	RM'000
Convenience stores	100,644	119,727
Pharmaceutical	26,839	-
Others	(10,011)	(325)
	<u>117,472</u>	<u>119,402</u>
Interest income	1,747	861
Profit from operations	119,219	120,263
Share of results of an associate	(966)	-
Finance costs	(54,274)	(43,610)
Profit before tax	63,979	76,653
Income tax expense	(28,626)	(22,569)
Net profit for the year	35,353	54,084

A11. PROPERTY, PLANT AND EQUIPMENT

During the 12 months ended 31 December, the Group acquired assets at costs of RM66.6 million (2019 : RM93.8 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS

		CUMULATIVE QUARTER	
		12 months ended	
Transacting party	Type of transaction	31.12.2020	31.12.2019
		RM'000	RM'000
With a subsidiary company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Advances from/(to) 7-Eleven Malaysia	61,682	(33,914)
	Interest expense on advances from 7-Eleven Malaysia	3,793	3,642
		<u>65,475</u>	<u>(30,272)</u>
Convenience Shopping (Sabah) Sdn Bhd ("CSSSB")	Advances to CSSSB	377,000	-
	Interest income on advances to CSSSB	(6,468)	-
		<u>(6,468)</u>	<u>-</u>
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	13,360	12,793
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	211,369	235,742
	Receipts of payment from U Mobile for advertisement placement fees	8,928	10,194
		<u>233,657</u>	<u>268,729</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020
NOTES TO THE INTERIM FINANCIAL REPORT

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2020 RM'000	31.12.2019 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	7,783	10,166
Berjaya Sampo Insurance Berhad ("Berjaya Sampo")	Payments to Berjaya Sampo for insurance premium fee	-	1,275
Berjaya Food Trading Sdn Bhd ("B Food")	Payment to B Food for purchase of beverages	2,993	3,526
Nural Enterprise Sdn Bhd ("Nural")	Payments to Nural for rental of property	1,358	1,297
Sun Media Corporation Sdn Bhd ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	1,258	824
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	720	720
Razer Pay Holdings Pte. Ltd. and its subsidiary companies ("Razer")	Receipts of commission from Razer for in-store services	33,328	-
	Payments to Razer for transaction values for in-store services	2,739,994	-
	Receipts of transaction values from Razer for e-wallet transactions	144,991	-

A13. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM8,820,144 (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.

A14. CAPITAL COMMITMENTS

	The Group	
	Unaudited As at 31.12.2020 RM'000	Audited As at 31.12.2019 RM'000
Property, plant and equipment		
- approved and contracted for	9,492	13,913
- approved but not contracted for	108,976	115,697
	<u>118,468</u>	<u>129,610</u>

A15. 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 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 4Q 2020	Total 4Q 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	427,232	NA	164,185	591,417	592,730
PAT	10,465	(12,147)	7,204	5,522	11,367

The group's performance in the current quarter was affected by the Covid-19 pandemic. Our operations and stores operating hours are restricted during various stages of Movement Control Order ("MCO") ; Recovery Movement Control Order ("RMCO") was in effect from 10 June 2020 to 31 August 2020. Subsequently, the Malaysia government re-introduced CMCO on 12 October 2020 in various hot spot states due to increased Covid-19 cases. This imposition has since been extended nationwide.

Convenience Stores Segment

Revenue from convenience stores declined by RM165.5m or 27.9%. Most product categories recorded lower revenue resulting in lower gross profits.

Operating expenses improved for the current quarter by RM50.9m or 25.6% due to lower wages from hiring freeze, lower inventory shrinkages, utilities, maintenance, and rents. Excluding expenses incurred in the corporate exercise, the convenience store segment recorded a core Profit After Tax of RM10.5m.

Corporate exercise expenses which is primarily professional fees, interest to finance the acquisition of Caring Group and fair value gain from investments in quoted shares amounts to RM12.1m for the quarter.

Pharmaceutical segment

Caring Group contributed a Revenue and Profit After Tax of RM164.2m and RM7.2m respectively in the current quarter.

Consolidated Group

The Group's consolidated Profit after tax for the current quarter after taking into consideration the corporate exercise expenses stands at RM5.5m.

Review of 12 Months Period Performance versus Corresponding Period Last Year

	Convenience store	Corporate exercise	Pharmaceutical (9 months)	Total YTD 4Q 2020	Total YTD 4Q 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	2,062,088	NA	475,476	2,537,564	2,361,058
PAT	48,005	(33,764)	21,112	35,353	54,084

Revenue from the convenience stores declined by RM298.9m or 12.7%, primarily driven by lower sales from Q2 to Q4 as a result of MCO and CMCO. Excluding expenses incurred in the corporate exercise, the convenience store segment recorded a core Profit After Tax of RM48.0m.

Corporate exercise expenses incurred for 12 month ended 31 December 2020 amounts to RM33.8m.

In the pharmaceutical segment, Caring Group contributed a Revenue and Profit After Tax of RM475.5m and RM21.1m respectively for the 9 months ended 31 December 2020.

The Group's consolidated Profit After Tax for the 12 months ended 31 December 2020 after taking into consideration the corporate exercise expenses is reported at RM35.4m.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 fourth quarter by RM10.3m or 65.0% against the immediate preceding quarter as the current quarter was adversely affected by Covid-19 pandemic.

B3. PROSPECTS

On 16 February 2021, the Government launched its National Covid-19 Immunisation Programme aims for at least 80% of Malaysia's adult population to be vaccinated by February 2022 to reduce infections, hospitalisations and death. The Group expect the trading condition to gradually recover 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.

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B5. PROFIT FROM OPERATIONS

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

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	2,416	1,129	5,804	4,518
Amortisation of right of use	28,770	24,581	110,250	95,015
Depreciation of property, plant and equipment	17,284	15,702	67,060	59,427
Dividend income	(15)	(124)	(44)	(124)
Fair value changes of FVTPL for investments in quoted shares	(2,326)	(721)	(1,039)	(822)
Goodwill written off	50	-	50	-
(Gain)/Loss on foreign exchange translation differences	(1)	(38)	(39)	181
Impairment loss on:				
- Deposits	107	-	107	-
- Goodwill	-	-	-	381
- Investment in an associate	6,546	-	6,546	-
- Property, plant and equipment	243	-	345	-
- Receivables	-	2,284	-	4,978
- Right of use assets	4,127	-	4,127	-
Interest income	(100)	(206)	(1,747)	(861)
Loss on disposal of property, plant and equipment	205	222	722	382
Property, plant and equipment written off	4,655	1,516	7,511	4,517
Provision for and write off of inventories	9,607	5,160	19,146	11,433

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 2020.

B6. TAXATION

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period	13,772	5,849	36,241	26,888
Under/(over) provision in prior year	2,918	-	2,928	(773)
	16,690	5,849	39,169	26,115

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B6. TAXATION (CONT'D)

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Deferred tax:				
Relating to reversal of temporary differences	(6,150)	(768)	(8,160)	(4,537)
(Over)/under provision in prior year	(2,403)	(344)	(2,383)	991
	<u>(8,553)</u>	<u>(1,112)</u>	<u>(10,543)</u>	<u>(3,546)</u>
	<u>8,137</u>	<u>4,737</u>	<u>28,626</u>	<u>22,569</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 2020 were higher than the Malaysian's statutory tax rate mainly due to certain expenses not deductible under tax legislation.

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.

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B8. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 31 December 2020 are as follows: -

	Unaudited As at 31.12.2020 RM'000	Audited As at 31.12.2019 RM'000
Short term borrowings		
Secured:		
Term loan	39,225	-
Unsecured:		
Bankers' acceptances	82,940	45,000
Term loan	19,200	19,200
Revolving credit	60,000	60,000
	<u>201,365</u>	<u>124,200</u>
Long term borrowings		
Secured:		
Term loan	325,710	-
Unsecured:		
Term loan	6,000	25,200
	<u>331,710</u>	<u>25,200</u>
Total borrowings		
Bankers' acceptances	82,940	45,000
Term loan	390,135	44,400
Revolving credit	60,000	60,000
	<u>533,075</u>	<u>149,400</u>

B9. MATERIAL LITIGATION

On 9 November 2020, 7-Eleven Malaysia Sdn Bhd ("**7-Eleven**"), a wholly-owned subsidiary of the Company and another company, Qinetics Solutions Sdn Bhd ("**Qinetics**") had filed a Writ of Summons together with Statement of Claim against one Nabil Bin Feisal Bamadhaj ("**Nabil**") and Dego Malaysia Sdn Bhd (previously known as Myinteractivelab Sdn Bhd) ("**Dego**") for respective claims arising from a Subscription Agreement dated 27 December 2019 made between 7-Eleven, Encik Nabil and Dego ("**SA**") and a Share Sales Agreement dated 11.9.2019 made between Qinetics and Nabil ("**the HC Suit**").

The causes of action pleaded in the HC Suit are fraudulent misrepresentation and 7-Eleven is claiming for rescission of the SA. As of this stage, 7-Eleven and Qinetics have obtained an ad-interim Mareva Injunction against Nabil and Dego whereby Dego is not permitted to withdraw more than RM200,000 from its United Overseas Bank. The Court has now fixed an inter-partes hearing of the Mareva Injunction on 26 February 2021. The Court would only proceed to hold case management on 26 February 2021 to give pre-trial directions.

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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		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Net profit attributable to equity holders of the company (RM'000)	4,444	11,347	29,766	54,058
Weighted average number of ordinary shares in issue ('000)	1,133,713	1,150,191	1,144,404	1,140,875
Basic/diluted earnings per ordinary share (sen)	<u>0.39</u>	<u>0.99</u>	<u>2.60</u>	<u>4.74</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.