

# 7-Eleven Malaysia Holdings Berhad

[Registration No: 201301028701 (1058531-W)]

**Date :** 25 Nov 2021

**Subject:** UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2021

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	680,223	677,483	2,014,019	1,947,231
Cost of sales	(498,012)	(480,526)	(1,478,863)	(1,384,509)
<b>Gross profit</b>	182,211	196,957	535,156	562,722
Other operating income	38,588	37,800	120,753	113,071
Selling and distribution expenses	(152,564)	(159,842)	(457,461)	(477,427)
Administrative and other operating expenses	(37,735)	(35,658)	(109,108)	(107,035)
<b>Profit from operations</b>	30,500	39,257	89,340	91,331
Finance costs	(15,752)	(14,573)	(45,300)	(40,047)
Share of results of an associate	-	(316)	-	(966)
<b>Profit before tax</b>	14,748	24,368	44,040	50,318
Income tax expense	(5,848)	(8,578)	(17,997)	(20,489)
<b>Profit after tax</b>	8,900	15,790	26,043	29,829
<b>Profit after tax attributable to:</b>				
Equity holders of the Company	1,435	12,919	14,233	25,321
Non-controlling interest	7,465	2,871	11,810	4,508
	8,900	15,790	26,043	29,829
<b>Total comprehensive income for the financial year</b>				
Equity holders of the Company	1,435	12,919	14,233	25,321
Non-controlling interest	7,465	2,871	11,810	4,508
	8,900	15,790	26,043	29,829
<b>Basic/diluted earnings per ordinary share (sen) (Note B11)</b>	0.13	1.13	1.26	2.21

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 30.9.2021 RM'000	Audited As at 31.12.2020 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	340,652	346,484
Right of use assets	660,365	672,881
Intangible assets	452,561	425,492
Other investments	9,448	5,174
Sundry receivables	15,495	13,782
Deferred tax assets	3,483	6,777
	<u>1,482,003</u>	<u>1,470,590</u>
<b>Current assets</b>		
Inventories	370,243	288,947
Sundry receivables	68,212	96,183
Tax recoverable	955	-
Other investment	67,298	46,149
Cash and bank balances	161,663	134,980
	<u>668,371</u>	<u>566,259</u>
<b>Total assets</b>	<u>2,150,374</u>	<u>2,036,849</u>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,485,138	1,485,138
Treasury shares	(161,410)	(157,243)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Assets revaluation reserve	42,214	42,214
Retained profits	36,151	39,899
	<u>58,845</u>	<u>66,760</u>
Non-controlling interest	108,086	94,461
<b>Total equity</b>	<u>166,931</u>	<u>161,221</u>
<b>Non-current liabilities</b>		
Provisions	9,827	9,572
Borrowings	558,084	331,710
Lease liabilities	546,011	559,833
Contract liabilities	13,068	10,563
Deferred tax liabilities	56,042	61,255
	<u>1,183,032</u>	<u>972,933</u>
<b>Current liabilities</b>		
Provisions	479	1,936
Borrowings	129,207	201,365
Trade payables	424,960	441,498
Other payables	130,720	143,481
Lease liabilities	103,484	100,016
Contract liabilities	9,147	3,981
Taxation	2,414	10,418
	<u>800,411</u>	<u>902,695</u>
<b>Total liabilities</b>	<u>1,983,443</u>	<u>1,875,628</u>
<b>Total equity and liabilities</b>	<u>2,150,374</u>	<u>2,036,849</u>
<b>Net assets per share attributable to ordinary equity holders of the Company, based on number of outstanding shares in issue with voting rights (sen)</b>	<u>5.22</u>	<u>5.91</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to Equity Holders of the Company							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	Non-controlling interest RM'000	
<b>At 1 January 2021</b>								
As previously stated	1,485,138	(157,243)	(1,343,248)	42,214	39,899	66,760	94,461	161,221
Acquisition of a subsidiaries	-	-	-	-	-	-	13,455	13,455
Acquisition of treasury shares	-	(4,167)	-	-	-	(4,167)	-	(4,167)
Total comprehensive income	-	-	-	-	14,233	14,233	11,810	26,043
<b>Transaction with owners:</b>								
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	40	40	(181)	(141)
Dividends on ordinary shares	-	-	-	-	(18,021)	(18,021)	-	(18,021)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(11,590)	(11,590)
Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	131	131
<b>At 30 September 2021</b>	<b>1,485,138</b>	<b>(161,410)</b>	<b>(1,343,248)</b>	<b>42,214</b>	<b>36,151</b>	<b>58,845</b>	<b>108,086</b>	<b>166,931</b>
<b>At 1 January 2020</b>								
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)
Total comprehensive income	-	-	-	245	29,766	30,011	5,587	35,598
<b>Transaction with owners:</b>								
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	(10,398)	(10,398)	(2,394)	(12,792)
Dividends on ordinary shares	-	-	-	-	(26,454)	(26,454)	-	(26,454)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,124)	(4,124)
<b>At 31 December 2020</b>	<b>1,485,138</b>	<b>(157,243)</b>	<b>(1,343,248)</b>	<b>42,214</b>	<b>39,899</b>	<b>66,760</b>	<b>94,461</b>	<b>161,221</b>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>CUMULATIVE QUARTER</b>	
	<b>9 months ended</b>	
	<b>30.9.2021</b>	<b>30.9.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers and other receivables	2,197,502	2,125,836
Cash paid to suppliers and employees	(2,031,915)	(1,928,279)
Cash generated from operations	<u>165,587</u>	<u>197,557</u>
Interest paid	(13,209)	(14,876)
Tax paid	(26,848)	(11,866)
Tax refund	-	631
Net cash generated from operating activities	<u>125,530</u>	<u>171,446</u>
<b>Cash flows from investing activities</b>		
Acquisition of an associate	-	(7,512)
Acquisition of subsidiaries and businesses	(25,667)	(328,597)
Acquisition of quoted shares	(4,714)	(486)
Changes in subsidiary's ownership interests that do not result in a loss of control	(142)	(881)
Purchase of property, plant and equipment	(29,557)	(36,440)
Proceeds from disposal of property, plant and equipment	1,447	100
Dividend received	75	29
Interest received	1,630	2,186
Increase in pledge fixed deposits with licensed bank	(1,002)	-
Net change in short term funds	(21,025)	13,337
Net cash used in investing activities	<u>(78,955)</u>	<u>(358,264)</u>
<b>Cash flows from financing activities</b>		
Acquisition of treasury shares	(4,167)	(9,948)
Dividends paid to shareholders of the Company	(18,021)	(30,044)
Dividends paid to non-controlling interests	(11,590)	-
Proceeds from bankers' acceptances	212,700	216,050
Proceeds from medium term note	498,939	-
Proceeds from term loan	43,730	377,000
Proceeds from revolving credit	20,000	-
Proceeds from issuance of shares by subsidiaries to non-controlling interests	131	-
Payment of principal portion of lease liabilities	(109,904)	(98,832)
Repayment of bankers' acceptances	(254,440)	(209,800)
Repayment of term loans	(379,505)	(33,960)
Repayment of revolving credit	(20,000)	-
Repayment of hire purchase and finance lease liabilities	(53)	(71)
Net cash (used in)/from financing activities	<u>(22,180)</u>	<u>210,395</u>
<b>Net increase in cash and cash equivalents</b>	24,395	23,577
<b>Cash and cash equivalents at beginning of the financial period</b>	134,649	96,207
<b>Cash and cash equivalents at end of the financial period</b>	<u>159,044</u>	<u>119,784</u>
Cash and cash equivalents at the end of the financial period comprises the following:-		
Cash and bank balances	159,044	119,552
Fixed deposits with licensed banks	2,619	444
	<u>161,663</u>	<u>119,996</u>
Less: Fixed deposit pledged to licensed bank	(2,619)	(212)
	<u>159,044</u>	<u>119,784</u>

# UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

## NOTES TO THE INTERIM FINANCIAL REPORT

### A1. CORPORATE INFORMATION

7-Eleven Malaysia Holdings Berhad ("SEM" or "the Company") is a public limited liability company, incorporated and domiciled in Malaysia.

SEM is an investment holding company, with 2 major subsidiaries:-

- (a) 7-Eleven Malaysia Sdn Bhd ("7EMSB"), which manages the operations and franchising of the convenience store chain under the "7-Eleven" brand; and
- (b) Caring Pharmacy Group Berhad, which operates the pharmaceutical retail chain under the "Caring", "Wellings" and "Georgetown" brands.

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 2020.

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 2020 except as follows:

On 1 January 2021, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2021:

<b>Description</b>	<b>Effective for annual financial periods beginning on or after</b>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform- Phase 2</i>	1 January 2021

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:

<b>Description</b>	<b>Effective for annual financial periods beginning on or after</b>
MFRS 3: Reference to Conceptual Framework (Amendments to MFRS 3)	1 January 2022
MFRS 9: Fees in the 10% Test for Derecognition of Financial Liabilities	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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

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

<b>Description</b>	<b>Effective for annual financial periods beginning on or after</b>
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 108: Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements:	
<i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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 2021. 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. Additionally, the various stages of Movement Control Orders have an influence on trading hours as well as phasing of sales.

**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 29 January 2021, Caring Pharmacy Retail Management Sdn Bhd ("Caring"), an indirect 75%-owned subsidiary of 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.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 period ended 30 September 2021 and period up to the date of this announcement other than the following:-

Treasury shares

During the financial period ended 30 September 2021, the Company repurchased 2,930,000 of its issued ordinary shares from the open market at an average price of RM1.42 per share with internally generated funds. The shares repurchased are being held as treasury shares.

The number of treasury shares bought back and held in hand as at 30 September 2021 are as follows:

Month	Price per share (RM)			Number of shares	Amount (RM'000)
	Lowest	Highest	Average		
Mar 2021	1.36	1.40	1.38	600,000	831
Apr 2021	1.41	1.44	1.43	2,330,000	3,336
				<u>2,930,000</u>	<u>4,167</u>

Medium Term Notes

The Company has established a 15-year medium term notes ("MTN") programme of RM600.0 million in nominal value ("MTN Programme"), which was lodged with the Securities Commission Malaysia ("SC") on 15 April 2021 in accordance with the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The Company has completed its maiden MTN issuance of RM500.0 million ("Series 1 MTN") under the MTN Programme on 28 June 2021.

**A9. DIVIDEND PAID**

During the financial period ended 30 September 2021, the Company paid a single tier cash dividend of 1.6 sen per ordinary share on 1,126,320,000 ordinary shares with voting rights. The entitlement date was fixed on 6 May 2021 and the cash dividend was paid on 21 May 2021.

**A10. SEGMENT REPORT**

Segmental analysis for the financial period ended 30 September 2021 is as follows:

	External RM'000	Inter- segment RM'000	Total RM'000
<b>Revenue</b>			
<b>For the nine months ended 30 September 2021</b>			
Convenience stores	1,290,242	-	1,290,242
Pharmaceutical	723,640	-	723,640
Others	137	(137)	-
Inter-segment elimination	-	137	137
	<u>2,014,019</u>	<u>-</u>	<u>2,014,019</u>
<b>For the nine months ended 30 September 2020</b>			
Convenience stores	1,635,810	-	1,635,810
Pharmaceutical	311,291	-	311,291
Others	130	(130)	-
Inter-segment elimination	-	130	130
	<u>1,947,231</u>	<u>-</u>	<u>1,947,231</u>



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A10. SEGMENT REPORT (CONT'D)**

	<b>CUMULATIVE QUARTER</b>	
	<b>9 months ended</b>	
<b>Results</b>	<b>30.9.2021</b>	<b>30.9.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Convenience stores	50,980	82,257
Pharmaceutical	41,342	16,886
Others	(4,612)	(9,998)
	<u>87,710</u>	<u>89,145</u>
Interest income	1,630	2,186
<b>Profit from operations</b>	<b>89,340</b>	<b>91,331</b>
Share of results of an associate	-	(966)
Finance costs	(45,300)	(40,047)
<b>Profit before tax</b>	<b>44,040</b>	<b>50,318</b>
Income tax expense	(17,997)	(20,489)
<b>Net profit for the year</b>	<b>26,043</b>	<b>29,829</b>

**A11. PROPERTY, PLANT AND EQUIPMENT**

During the 9 months ended 30 September, the Group acquired assets at costs of RM29.6 million (2020 : RM36.4 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

**A12. SIGNIFICANT RELATED PARTY TRANSACTIONS**

		<b>CUMULATIVE QUARTER</b>	
		<b>9 months ended</b>	
<b>Transacting party</b>	<b>Type of transaction</b>	<b>30.9.2021</b>	<b>30.9.2020</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>With subsidiaries company</b>			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia" or "7EMSB")	Advances (to)/from 7EMSB	(121,887)	29,380
	Interest expense on advances from 7EMSB	2,276	2,533
		<u>                    </u>	<u>                    </u>
Convenience Shopping (Sabah) Sdn Bhd ("CSSSB")	Advances to CSSSB	-	377,000
	Interest income on advances to CSSSB	(14,878)	(1,580)
		<u>                    </u>	<u>                    </u>
<b>With companies in which TSVT is deemed interested*</b>			
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	7,488	10,659
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	120,169	168,258
	Receipts of payment from U Mobile for advertisement placement fees	7,043	6,696
		<u>                    </u>	<u>                    </u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A12. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

Transacting party	Type of transaction	CUMULATIVE QUARTER 9 months ended	
		30.9.2021 RM'000	30.9.2020 RM'000
<b>With companies in which TSVT is deemed interested*</b>			
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	5,204	6,241
Berjaya Food Trading Sdn Bhd ("B Food")	Payment to B Food for purchase of beverages	4,156	1,641
Nural Enterprise Sdn Bhd ("Nural")	Payments to Nural for rental of property	1,112	1,025
Sun Media Corporation Sdn Bhd ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	526	872
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	540	540
Razer Pay Holdings Pte. Ltd. and its subsidiary companies ("Razer")	Receipts of commission from Razer for in-store services	26,837	24,825
	Payments to Razer for transaction values for in-store services	2,907,119	2,020,159
	Receipts of transaction values from Razer for e-wallet transactions	175,362	112,186

**A13. CONTINGENT LIABILITIES**

The Group has bank guarantees amounting to RM9,189,534 (31 December 2020: RM9,114,563) as security deposits in favour of various government and statutory bodies, and private companies.

The bank guarantee facility is granted to 7EMSB and Caring on a clean basis.

**A14. CAPITAL COMMITMENTS**

	The Group	
	Unaudited As at 30.9.2021 RM'000	Audited As at 31.12.2020 RM'000
Property, plant and equipment		
- approved and contracted for	8,877	9,492
- approved but not contracted for	83,090	116,252
	<u>91,967</u>	<u>125,744</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 THIRD QUARTER ENDED 30 SEPTEMBER 2021  
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**

<b>RM'000</b>	<b>3Q21</b>	<b>3Q20</b>	<b>Variance</b>	<b>YTD 3Q21</b>	<b>YTD 3Q20</b>	<b>Variance</b>
<b><u>Revenue:</u></b>						
Convenience stores	404,611	505,289	(100,678)	1,290,379	1,635,940	(345,561)
Pharmaceutical	275,612	172,194	103,418	723,640	311,291	412,349
<b>Total</b>	<b>680,223</b>	<b>677,483</b>	<b>2,740</b>	<b>2,014,019</b>	<b>1,947,231</b>	<b>66,788</b>
<b><u>Core profit:</u></b>						
Convenience stores	(1,160)	13,222	(14,382)	14,470	37,538	(23,068)
Pharmaceutical	17,103	8,073	9,030	30,255	13,908	16,347
<b>Total</b>	<b>15,943</b>	<b>21,295</b>	<b>(5,352)</b>	<b>44,725</b>	<b>51,446</b>	<b>(6,721)</b>
Corporate exercise expenses	(7,043)	(5,505)	(1,538)	(18,682)	(21,617)	2,935
<b>PAT</b>	<b>8,900</b>	<b>15,790</b>	<b>(6,890)</b>	<b>26,043</b>	<b>29,829</b>	<b>(3,786)</b>

Performance of the Convenience Stores segment for the current quarter was adversely affected by the Full Movement Control Order w.e.f. 1 June 2021. Essentially, stores were operating under stricter SOPs with reduced operating hours, thereby affecting customer footfall and sales productivity. In comparison to previous year corresponding quarter, the country was under Recovery Movement Control Order, where interstate travel was allowed back then. In this regard, Revenue declined by RM100.7m or -19.9% to RM404.6m, with a decrease across all product categories, resulting in a decline in Gross Profits by RM37.3m or -23.4% to RM122.0m.

Operating expenses decreased by RM16.7m or -10.4%, largely due to lower wages from better manpower planning, shorter operating hours and lower shrinkages. Excluding corporate exercise expenses, the convenience store segment recorded a core Loss After Tax of RM1.2m.

Meanwhile, Revenue from the Pharmaceutical segment for the current quarter increased by RM103.4m or +60.1% to RM275.6m, in tandem with continued consumer focus on personal well-being and overall healthcare. Additionally, the acquisition of The Pill House and Wellings group contributed a Revenue of RM78.3m for the current quarter. Correspondingly, Profit After Tax increased by RM9.0m or +111.9% to RM17.1m.

Corporate exercise expenses of RM7.0m primarily consists of professional fees for issuance of Medium Term Notes, finance cost for the acquisition of Caring Group, amortisation of intangible assets and fair value gain from investments in quoted shares.

The Group's consolidated Profit after Tax for the current quarter after corporate exercise expenses is reported at RM8.9m, a decrease of RM6.9m or -43.6%.

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

Revenue from the Convenience Stores segment declined by RM345.6m or -21.1% to RM1,290.4m with most product categories recording lower Revenue, thereby resulting in lower Gross Profits. Excluding corporate exercise expenses, the Convenience Store segment recorded a core Profit After Tax of RM14.5m, a decline of RM23.1m or 61.4%.

Revenue from Pharmaceutical segment increased by RM412.3m or +132.5% to RM723.6m. While Profit After Tax closed at RM30.3m. The acquisition of The Pill House and Wellings group contributed Revenue of RM187.2m.

The Group's consolidated Profit After Tax for the 9 months ended 30 September 2021 after corporate exercise expenses is reported at RM26.0m.

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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 higher Profit before Tax for the third quarter by RM5.9m or +65.8% against the immediate preceding quarter mainly due to higher Revenue and Gross Profit in current quarter.

**B3. PROSPECTS**

With the ongoing National Recovery Plan and relaxation of SOPs (i.e. inter-state travels and social activities allowed for fully vaccinated individuals etc.) while achieving higher vaccination rates in the country, the Group is optimistic on the turnaround in trading conditions and the Group's operating results is poised to gradually improve in the coming quarters.

**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):

	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>30.9.2021</b>	<b>30.9.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Amortisation of intangible assets	2,844	1,129	5,103	3,388
Amortisation of right of use	29,787	30,659	90,463	81,480
Bad debts written off	-	-	1	-
Depreciation of property, plant and equipment	17,616	16,848	52,919	49,776
Dividend income	(31)	-	(76)	(29)
Fair value changes of FVTPL for investments in quoted shares	(46)	(145)	441	1,287
Loss/(Gain) on foreign exchange translation differences	16	(6)	16	(38)
Impairment on property, plant and equipment	-	16	-	102
Interest income	(592)	(1,360)	(1,630)	(2,186)
(Gain)/Loss on disposal of property, plant and equipment	(236)	6	(654)	517
Property, plant and equipment written off	193	1,083	901	2,856
Provision for and write off of inventories	3,437	3,475	8,764	9,539

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 September 2021.

**B6. TAXATION**

	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>30.9.2021</b>	<b>30.9.2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income tax:				
Current period provision	6,115	8,640	19,238	22,469
Under provision in prior year	201	11	201	10
	<u>6,316</u>	<u>8,651</u>	<u>19,439</u>	<u>22,479</u>
Deferred tax:				
Relating to reversal of temporary differences	(468)	(73)	(1,442)	(2,010)
Under provision in prior year	-	-	-	20
	<u>(468)</u>	<u>(73)</u>	<u>(1,442)</u>	<u>(1,990)</u>
	<u>5,848</u>	<u>8,578</u>	<u>17,997</u>	<u>20,489</u>

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

Income tax expense is recognised based on management's best estimation. The Group's consolidated effective tax rates for the current quarter and financial period ended 30 September 2021 were higher than the Malaysian's statutory tax rate mainly due to certain expenses not deductible under tax legislation.

**B7. STATUS OF CORPORATE PROPOSALS**

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

**B8. GROUP BORROWINGS**

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 30 September 2021 are as follows: -

	<b>Unaudited As at 30.9.2021 RM'000</b>	<b>Audited As at 31.12.2020 RM'000</b>
<b>Short term borrowings</b>		
<b>Secured:</b>		
Term loan	10,027	39,225
<b>Unsecured:</b>		
Bankers' acceptances	41,200	82,940
Medium term notes	5,343	-
Term loan	12,637	19,200
Revolving credit	60,000	60,000
	<u>129,207</u>	<u>201,365</u>
<b>Long term borrowings</b>		
<b>Secured:</b>		
Term loan	36,465	325,710
<b>Unsecured:</b>		
Term loan	21,619	6,000
Medium term notes	500,000	-
	<u>558,084</u>	<u>331,710</u>
<b>Total borrowings</b>		
Bankers' acceptances	41,200	82,940
Medium term notes	505,343	-
Term loan	80,748	390,135
Revolving credit	60,000	60,000
	<u>687,291</u>	<u>533,075</u>

Medium Term Notes

The Company has established a 15-year medium term notes ("MTN") programme of RM600.0 million in nominal value ("MTN Programme"), which was lodged with the Securities Commission Malaysia ("SC") on 15 April 2021 in accordance with the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework.

The Company has completed its maiden MTN issuance of RM500.0 million ("Series 1 MTN") under the MTN Programme on 28 June 2021.

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**B8. GROUP BORROWINGS (CONT'D)**

Medium Term Notes (cont'd)

The proceeds from the MTN Programme will be utilised by the Company and its subsidiaries to refinance its existing borrowings, capital expenditure, investments, working capital requirements, general corporate purposes and/or to defray expenses in setting up the MTN Programme.

As at 30 September 2021, the Company has utilised the proceeds from the Series 1 MTN as follows:

<b>Details of utilization</b>	<b>RM'000</b>
Repayment of borrowings	341,324
Defray expenses for the issuance of MTN	981
Working capital	156,634

**B9. MATERIAL LITIGATION**

On 9 November 2020, 7EMSB, 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 ("SA") made between 7EMSB, Encik Nabil and Dego ("the Parties") and a Share Sales Agreement ("SSA") dated 11 September 2019 made between Qinetics and Nabil ("the HC Suit").

On 12 April 2021, all parties to the legal action have reached an amicable settlement and recorded a Consent Judgment (a sealed copy of which was extracted on 14 April 2021) at Kuala Lumpur High Court ("Settlement"). The Settlement will envisage, amongst others, both Encik Nabil Bin Feisal Bamadhaj and Dego Malaysia Sdn Bhd to pay a sum of RM2,800,000 ("Settlement Sum") to 7-Eleven and Qinetics Solutions Sdn Bhd as full and final settlement of the claims made against them. The Settlement will not have any material effect on the earnings, net assets and gearing of the SEM Group for the financial year ending 31 December 2021.

**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**

	<b>CURRENT QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>30.9.2021</b>	<b>30.9.2020</b>
Net profit attributable to equity holders of the company (RM'000)	1,435	12,919	14,233	25,321
Weighted average number of ordinary shares in issue ('000)	1,126,320	1,143,647	1,127,287	1,147,993
Basic/diluted earnings per ordinary share (sen)	<u>0.13</u>	<u>1.13</u>	<u>1.26</u>	<u>2.21</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 2020 was not qualified.