

# 7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

**Date :** 26 November 2015

**Subject:** **UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2015**

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.9.2015	30.9.2014 <sup>(1)</sup>	30.9.2015	30.9.2014 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Revenue	519,228	487,284	1,506,540	1,411,980
Cost of sales	(359,119)	(343,385)	(1,046,052)	(1,000,453)
<b>Gross profit</b>	160,109	143,899	460,488	411,527
Other operating income	27,591	25,924	80,362	76,440
Selling and distribution expenses	(142,223)	(124,985)	(414,985)	(363,425)
Administrative and other operating expenses	(22,856)	(20,425)	(67,563)	(57,300)
<b>Profit from operations</b>	22,621	24,413	58,302	67,242
Finance costs	(63)	(419)	(269)	(3,569)
<b>Profit before tax</b>	22,558	23,994	58,033	63,673
Income tax expense	(5,816)	(6,869)	(16,169)	(18,515)
<b>Profit after tax, representing total comprehensive income for the period</b>	16,742	17,125	41,864	45,158
<b>Profit attributable to:</b>				
Equity holders of the Company	16,742	17,125	41,864	45,158
<b>Basic/diluted earnings per ordinary share (sen) (Note B12)</b>	1.36	1.39	3.40	3.98

**Note:**

(1) The acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia Sdn. Bhd. ("7-Eleven Malaysia") by 7-Eleven Malaysia Holdings Berhad ("7-Eleven Malaysia Holdings") that was completed on 2 April 2014 is a reorganisation and does not result in any change in economic substance. Accordingly, the comparative figures are presented as if the reorganisation had been effected from the beginning of the earliest period presented.

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

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>The Group</b>	
	<b>Unaudited As at 30.9.2015 RM'000</b>	<b>Audited As at 31.12.2014 RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	294,022	242,473
Investment property	217	222
Intangible assets	20,555	11,499
Other investments	1	1
	<b>314,795</b>	<b>254,195</b>
<b>Current assets</b>		
Inventories	171,573	148,898
Sundry receivables	82,330	85,527
Tax recoverable	5,178	2,420
Cash and bank balances	182,249	244,110
	<b>441,330</b>	<b>480,955</b>
<b>Total assets</b>	<b>756,125</b>	<b>735,150</b>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	123,338	123,338
Share premium	1,361,800	1,361,800
Treasury shares	(24,121)	-
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Retained profits	73,280	94,319
<b>Total equity</b>	<b>191,049</b>	<b>236,209</b>
<b>Non-current liabilities</b>		
Provisions	5,592	5,254
Borrowings	348	2,061
Deferred tax liabilities	8,423	8,323
	<b>14,363</b>	<b>15,638</b>
<b>Current liabilities</b>		
Provisions	574	745
Borrowings	2,825	5,355
Trade payables	398,600	369,154
Other payables	148,686	108,013
Taxation	28	36
	<b>550,713</b>	<b>483,303</b>
<b>Total liabilities</b>	<b>565,076</b>	<b>498,941</b>
<b>Total equity and liabilities</b>	<b>756,125</b>	<b>735,150</b>
<b>Net assets per share attributable to ordinary equity holders of the Company (sen) <sup>(1)</sup></b>	<b>15.69</b>	<b>19.15</b>

**Note:**

(1) Based on number of outstanding shares in issue with voting rights.

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

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to Equity Holders of the Company					
	Non-distributable			Distributable		
	Share capital RM'000	Share premium RM'000	Capital reorganisation deficit RM'000	Retained profits RM'000	Treasury shares RM'000	Total equity RM'000
<b>At 1 January 2015</b>	123,338	1,361,800	(1,343,248)	94,319	-	236,209
Total comprehensive income	-	-	-	41,864	-	41,864
Transaction with owners:						
Treasury shares acquired					(24,121)	(24,121)
Dividends on ordinary shares	-	-	-	(62,903)	-	(62,903)
<b>At 30 September 2015</b>	<b>123,338</b>	<b>1,361,800</b>	<b>(1,343,248)</b>	<b>73,280</b>	<b>(24,121)</b>	<b>191,049</b>
<b>At 1 January 2014 (Unaudited)*</b>	105,200	1,136,160	(1,343,248)	31,245	-	(70,643)
Total comprehensive income	-	-	-	45,158	-	45,158
Transaction with owners:						
Public issue of shares	18,138	232,173	-	-	-	250,311
Share issue expenses	-	(6,735)	-	-	-	(6,735)
<b>At 30 September 2014</b>	<b>123,338</b>	<b>1,361,598</b>	<b>(1,343,248)</b>	<b>76,403</b>	<b>-</b>	<b>218,091</b>

\* The comparative for the financial period ended 30 September 2014 have been presented for illustrative purpose only to show the effects of the transactions, as described below, with the assumption that these transactions had taken place as at the earliest date presented.

The acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia by 7-Eleven Malaysia Holdings that was completed on 2 April 2014 is a reorganisation and does not result in any change in economic substance. Accordingly, the consolidated financial statements of the 7-Eleven Malaysia Holdings is a continuation of 7-Eleven Malaysia Group and is accounted for as follows:

- The results of entities are presented as if the reorganisation had been effected from the beginning of the earliest period presented;
- 7-Eleven Malaysia Holdings consolidates the assets and liabilities of the 7-Eleven Malaysia Group at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method;
- No new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Difference between the consideration paid/transferred and the equity acquired is reflected within equity as capital reorganisation deficit.

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

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>CUMULATIVE QUARTER</b>	
	<b>9 months ended</b>	
	<b>30.9.2015</b>	<b>30.9.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers and other receivables	1,618,287	1,484,139
Cash paid to suppliers and employees	<u>(1,478,300)</u>	<u>(1,395,726)</u>
Cash generated from operations	139,987	88,413
Interest paid	(269)	(3,387)
Tax paid	<u>(18,835)</u>	<u>(17,592)</u>
Net cash generated from operating activities	<u>120,883</u>	<u>67,434</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(86,070)	(48,541)
Purchase of intangible assets	(9,568)	-
Proceeds from disposal of property, plant and equipment	5	40
Advances to intercompany (net)	-	43,151
Interest received	4,156	3,157
Net cash (used in)/generated from investing activities	<u>(91,477)</u>	<u>(2,193)</u>
<b>Cash flows from financing activities</b>		
Dividends paid on ordinary shares	(62,903)	-
Acquisition of treasury shares	(24,121)	-
Proceeds from issuance of shares pursuant to the IPO exercise	-	250,311
Payment of initial public offering exercise expenses	-	(6,275)
Proceeds from bankers' acceptances	-	191,952
Repayment of bankers' acceptances	-	(303,452)
Repayment of term loans	(810)	(1,679)
Repayment of hire purchase and finance lease liabilities	<u>(3,433)</u>	<u>(3,653)</u>
Net cash (used in)/generated from financing activities	<u>(91,267)</u>	<u>127,204</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(61,861)	192,445
<b>Cash and cash equivalents at beginning of the period</b>	244,110	47,840
<b>Cash and cash equivalents at end of the period</b>	<u>182,249</u>	<u>240,285</u>

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

Cash and bank balances	77,666	68,723
Fixed deposits with licensed banks	<u>104,583</u>	<u>171,562</u>
	<u>182,249</u>	<u>240,285</u>

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

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 NOTES TO THE INTERIM FINANCIAL REPORT

#### A1. CORPORATE INFORMATION

7-Eleven Malaysia Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are in the operating and franchising of convenience stores under the "7-Eleven" brand name and investment holdings.

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

The immediate and ultimate holding companies are Berjaya Retail Berhad ("BRetail") and HQZ Credit Sdn. Bhd. ("HQZ") respectively.

#### A2. BASIS OF PREPARATION

The interim financial report is unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014.

Certain comparatives have been reclassified to conform with the current period presentation.

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 2014 except as follows:

On 1 January 2015, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2015:

<b>Description</b>	<b>Effective for annual financial periods beginning on or after</b>
Amendments to MFRS 119 : Defined Benefit Plans : Employee Benefits	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

The adoption of the above did not have any significant effect on the interim financial report upon their initial adoption.

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 NOTES TO THE INTERIM FINANCIAL REPORT

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

The Group has not early adopted 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 2015. 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, Christmas, Deepavali and Hari Raya.

#### A5. ITEMS OF UNUSUAL NATURE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the period under review.

#### A6. CHANGES IN ESTIMATES

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

#### A7. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in composition of the Group during the period under review.

#### A8. DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resales of treasury shares for the current financial period ended 30 September 2015 other than the following:-

##### Treasury shares

During the financial period ended 30 September 2015, the Company repurchased 16,000,000 of its issued ordinary shares from the open market at an average price of RM1.50 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 2015 are as follows:

Month	Price per share (RM)			Number of shares	Amount #
	Lowest	Highest	Average		
August 2015	1.48	1.57	1.52	8,070	12,338
September 2015	1.41	1.51	1.48	7,930	11,783
			1.50	16,000	24,121

# Inclusive of transaction cost.

#### A9. DIVIDEND PAID

During the financial period ended 30 September 2015, the Company paid an interim single tier dividend of 2.5 sen per ordinary share and a special single tier dividend of 2.6 sen per ordinary share amounting to RM62.9 million in respect of the financial year ended 31 December 2014 on 31 March 2015.

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 NOTES TO THE INTERIM FINANCIAL REPORT

#### A10. SEGMENT REPORT

Segmental analysis for the financial period ended 30 September 2015 is as follows:

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
<b>For the nine months ended 30 September 2015</b>			
Convenience stores	1,506,330	-	1,506,330
Others	210	523	733
Inter-segment elimination	-	(523)	(523)
	<u>1,506,540</u>	<u>-</u>	<u>1,506,540</u>
<b>For the nine months ended 30 September 2014</b>			
Convenience stores	1,411,764	-	1,411,764
Others	216	524	740
Inter-segment elimination	-	(524)	(524)
	<u>1,411,980</u>	<u>-</u>	<u>1,411,980</u>

Results	CUMULATIVE QUARTER 9 months ended	
	30.9.2015 RM'000	30.9.2014 RM'000
Convenience stores	55,040	61,136
Others	(894)	(354)
	<u>54,146</u>	<u>60,782</u>
Interest income	4,156	6,460
<b>Profit from operations</b>	<b>58,302</b>	<b>67,242</b>
Finance costs	(269)	(3,569)
<b>Profit before tax</b>	<b>58,033</b>	<b>63,673</b>
Income tax expense	(16,169)	(18,515)
<b>Net profit for the period</b>	<b>41,864</b>	<b>45,158</b>

#### A11. PROPERTY, PLANT AND EQUIPMENT

During the 9 months ended 30 September 2015, the Group acquired assets at costs of RM86.0 million (2014 : RM52.9 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.



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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 NOTES TO THE INTERIM FINANCIAL REPORT

#### A12. INTANGIBLE ASSETS

Intangible assets include computer software-in-development. During the 9 months ended 30 September 2015, the Group acquired computer software-in-development assets at costs of RM9.6 million (2014 : Nil).

#### A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER 9 months ended	
		30.9.2015 RM'000	30.9.2014 RM'000
<b>With immediate holding company</b>			
Berjaya Retail Berhad ("BRetail")	Intercompany repayment to 7-Eleven Malaysia from BRetail	-	43,151
	Interest income on advances to BRetail	-	3,304
	Interest expense on advances from BRetail	-	182
	Purchase consideration paid for the acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia from BRetail	-	1,378,248
	Assumption of debts owing by BRetail to 7EMSB through promissory note	-	136,888
<hr/>			
<b>With a subsidiary company</b>			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Intercompany repayment to 7-Eleven Malaysia from 7-Eleven Holdings	-	12,765
	Advances from 7-Eleven Malaysia to 7-Eleven Malaysia Holdings	3,440	11,955
	Interest expense on advances from 7-Eleven Malaysia	67	490
	Interest income on dividend receivable from 7-Eleven Malaysia	1,068	-
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**7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)**

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015  
NOTES TO THE INTERIM FINANCIAL REPORT**

**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

Transacting party	Type of transaction	CUMULATIVE QUARTER 9 months ended	
		30.9.2015 RM'000	30.9.2014 RM'000
<b>With companies in which TSVT is deemed interested*</b>			
MOL AccessPortal Sdn. Bhd. ("MOL")	Receipt of payment from MOL for commission for sale of mobile phone, Touch'n Go and online game reloads	17,289	15,290
	Payment to MOL for reload transaction values for in-store services for sale of mobile phone, Touch'n Go and online game reloads	437,970	340,614
U Mobile Sdn. Bhd. ("U Mobile")	Receipt of payment from U Mobile for commission for sale of mobile phone reloads	5,820	6,047
	Payment to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	94,923	94,734
	Receipt of payment from U Mobile for advertisement placement fees	4,212	3,620
Kakao Malaysia Sdn. Bhd. ("Kakao")	Receipt of payment from Kakao for advertisement placement fees	-	1,411
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipt of payment from BChannel for advertisement placement fees	1,125	1,125
Sun Media Corporation Sdn. Bhd. ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	457	289
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	562	540

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 NOTES TO THE INTERIM FINANCIAL REPORT

#### A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 9 months ended	
		30.9.2015 RM'000	30.9.2014 RM'000
<b>With companies in which TSVT is deemed interested*</b>			
Prime Credit Leasing Sdn. Bhd.	Leasing facility for point-of-sales computer system:		
	- Drawdown	-	2,034
	- Lease interest	255	512
		<hr/>	<hr/>
Securexpress Services Sdn. Bhd. ("Securexpress")	Payment to Securexpress for fees relating to the delivery of merchandise to stores	10,775	9,937
		<hr/>	<hr/>
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payment to Berjaya Sompo for insurance premium	1,679	1,086
		<hr/>	<hr/>
Nural Enterprise Sdn. Bhd. ("Nural")	Payment to Nural for rental of property and service charges	1,630	1,429
		<hr/>	<hr/>
Berjaya Times Square Sdn. Bhd. ("BTS")	Payment to BTS for rental of property and service charges	729	730
		<hr/>	<hr/>

\* Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT"), a substantial shareholder of HQZ Credit Sdn. Bhd. ("HQZ"), is also deemed interested in all the subsidiary companies of HQZ.

#### A14. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM7,020,000 (31 December 2014: RM7,015,000) as security deposits in favour of various government and statutory bodies, and private companies.

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

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015  
NOTES TO THE INTERIM FINANCIAL REPORT**

**A15. CAPITAL COMMITMENTS**

	<b>Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>30.9.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for		
- property, plant and equipment	44,119	35,690
- intangible assets	9,645	14,100
	<u>53,764</u>	<u>49,790</u>
Approved but not contracted for		
- property, plant and equipment	32,796	126,070
- intangible assets	1,766	4,000
	<u>34,562</u>	<u>130,070</u>
	<u>88,326</u>	<u>179,860</u>

**A16. SUBSEQUENT EVENT**

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

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

#### B1. REVIEW OF THE PERFORMANCE OF THE GROUP

##### **Review of Current Quarter Performance versus Corresponding Quarter Last Year**

The Group's revenue for the current quarter of RM519.2 million grew by RM31.9 million or 6.6% against the corresponding quarter's revenue in the previous year of RM487.3 million. The growth in revenue was driven by the growth in new stores, improved merchandise mix and consumer promotion activity. This growth was achieved despite on-going retail market negativity caused by GST implementation and declining consumer confidence/spending.

Gross profit of RM160.1 million improved by RM16.2 million or 11.3% compared to the corresponding quarter in the previous year and this was mainly attributed to the revenue growth of 6.6% and gross profit margin expansion of 1.3% points. Other operating income increased by 6.4% compared to the corresponding quarter in the previous year.

Selling and distribution expenses for the quarter increased by RM17.2 million or 13.8%, mainly caused by new store expansion resulting in higher staff cost, rental cost and store depreciation expense. The selling and distribution expenses in the corresponding quarter of 2014 were on lower base due to the reversal of double rental for the 34 Shell stores amounting to RM3.8 million ensuing from resolution of the legal case. The increase in the selling and distribution expenses would have been 10.4% instead of 13.8%, if not for the reversal of the double rental in the third quarter of 2014.

Administrative and other operating expenses for the quarter increased by RM 2.4 million or 11.9%, mainly caused by higher marketing expenses from commencement of the second major promotion activity in 2015.

The profit before tax of RM22.6 million declined by 6.0% or RM1.4 million compared to the corresponding quarter in 2014 despite positive sales growth due to higher selling and distribution expenses from new store expansion in the current quarter coupled with lower base in the selling and distribution in the corresponding period in 2014 due to the reversal of double rental for the Shell stores. The profit before tax would have shown a growth of 11.7% instead of a decline of 6.0%, if not for the reversal of the double rental in the third quarter of 2014.

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

For the 9 months ended 30 September 2015, the Group's revenue of RM1.506 billion grew RM94.6 million or 6.7% against the corresponding 9 months' revenue in the previous year of RM1.412 billion. The growth in revenue was driven by the growth in new stores (total stores as at 30 September 2015: 1,883 stores), improved merchandise mix and consumer promotion activity.

The Group's gross profit for the current 9 months period of RM 460.5 million was higher than previous year corresponding period of RM411.5 million by 11.9% and this was mainly attributed to the revenue growth of 6.7% and gross profit margin expansion of 1.5% points. Other operating income increased by 5.1% compared to the corresponding 9 months in the previous year.

Selling and distribution expenses for the 9 months period in 2015 increased by RM51.6 million or 14.2% compared to the corresponding 9 months in the previous year, mainly caused by higher staff cost, rental cost and store depreciation expense which is in tandem with new store expansion.

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

### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

Administrative and other operating expenses increased by RM10.3 million or 17.9% compared to the corresponding 9 months in the previous year due to higher marketing expenses, staff cost, head office depreciation expense and amortisation of intangible assets.

The profit before tax of RM58.0 million for the 9 months ended 30 September 2015 declined by 8.9% or RM5.6 million year-on-year which was mainly attributed to lower sales growth particularly in the preceding quarter, due to the impact of GST and low consumer confidence, and higher selling and distribution expenses from new store expansion.

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

The Group's profit before tax has surged from RM15.2 million in the second quarter to RM22.6 million in the third quarter by 48.5% primarily due to 7.6% increase in revenue and gross profit margin expansion of 0.4% points.

#### **B3. PROSPECTS**

The Board of Directors is of the view that the trading conditions for the remaining period of the current financial year is expected to stay challenging due to general softening in the domestic private consumption since GST implementation and the current macro-economic condition which adversely affected the consumer confidence. Despite this latest development, we are positive of holding onto our market leading position while our new store expansion plan remains on track.

#### **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 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Interest income	(1,330)	(1,931)	(4,156)	(6,460)
Depreciation of property, plant and equipment	10,514	8,986	33,848	26,866
Property, plant and equipment written off	-	183	673	495
Amortisation charge for investment property	2	2	5	5
Amortisation of intangible assets	512	-	512	-
Write back of rental of premises	-	(3,807)	-	(3,807)
Initial Public Offering ("IPO") expenses	-	319	-	2,045
Over provision of IPO and listing expenses in respect of prior year	-	-	-	(2,261)
Impairment loss on sundry receivables	-	-	-	32
Impairment loss on sundry receivables written back	-	-	-	(200)
Gain on disposal of property, plant and equipment	-	(14)	(5)	(40)
Loss on foreign exchange translation differences	136	38	260	31
	<u>136</u>	<u>38</u>	<u>260</u>	<u>31</u>

Other than as presented in the condensed consolidated statements of comprehensive income and as disclosed above, there were no gain or loss on disposal of quoted or unquoted investments or properties, provision for and write off of inventories, impairment of other assets, gain or loss on derivatives and exceptional items included in the results of the current quarter and financial period ended 30 September 2015.

#### B6. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Income tax:				
Current period provision	6,585	6,869	16,877	16,928
Over provision in prior year	(808)	-	(808)	-
	<u>5,777</u>	<u>6,869</u>	<u>16,069</u>	<u>16,928</u>

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

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2015 RM'000	30.9.2014 RM'000	30.9.2015 RM'000	30.9.2014 RM'000
Deferred tax				
Relating to origination and reversal of temporary differences	39	-	100	1,587
	5,816	6,869	16,169	18,515

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 2015 were higher than the Malaysian's statutory tax rate mainly due to the certain expenses not deductible under tax legislation.

#### B7. STATUS OF CORPORATE PROPOSALS

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

#### B8. STATUS OF UTILISATION OF IPO PROCEEDS

The status of utilisation of the proceeds from the Public Issue of 181,385,000 new ordinary shares at RM1.38 per share on 30 May 2014 are as follows:

Purposes	Proposed utilisation	Actual utilisation at the date of this report	Deviation between actual and proposed utilisation	Change of proposed utilisation	Revised balance	Estimated time frame for utilisation
	RM'000	RM'000	Note 1 RM'000	Note 2 RM'000	RM'000	
i. Capital expenditure	184,790	103,069	-	(40,790)	40,931	Within 36 months
ii. Working capital	42,664	51,820	(9,156)	40,790	40,790	Within 36 months
iii. Estimated fees and expenses for the IPO and listing exercise	22,857	13,701	9,156	-	-	
<b>Total gross proceeds</b>	<b>250,311</b>	<b>168,590</b>	<b>-</b>	<b>-</b>	<b>81,721</b>	

#### **Note:**

1 Actual fees and expenses incurred for the IPO and listing exercise were less than the estimated fees and expenses by approximately RM9.2 million. The excess arising from actual listing expenses compared to the estimated expenses has been utilised for working capital purposes.

2 As announced to the Bursa Securities on 13 November 2015, the Board of Directors had approved for the unutilised balance of RM40.79 million included under capital expenditure that was allocated for the construction of the new combined distribution center on its existing land to be reallocated for working capital.



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#### B9. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 30 September 2015 are as follows: -

	<b>Unaudited As at 30.9.2015 RM'000</b>	<b>Audited As at 31.12.2014 RM'000</b>
<b>Short term borrowings</b>		
<b>Secured:</b>		
Term loans	9	819
Hire purchase and finance lease liabilities	2,816	4,536
	<u>2,825</u>	<u>5,355</u>
<b>Long term borrowings</b>		
<b>Secured:</b>		
Hire purchase and finance lease liabilities	348	2,061
	<u>348</u>	<u>2,061</u>
<b>Total borrowings</b>		
Term loans	9	819
Hire purchase and finance lease liabilities	3,164	6,597
	<u>3,173</u>	<u>7,416</u>

#### B10. MATERIAL LITIGATION

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

#### B11. DIVIDEND

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

#### B12. EARNINGS PER SHARE

	<b>CURRENT QUARTER 3 months ended</b>		<b>CUMULATIVE QUARTER 9 months ended</b>	
	<b>30.9.2015</b>	<b>30.9.2014</b>	<b>30.9.2015</b>	<b>30.9.2014</b>
Net profit attributable to ordinary shares (RM'000)	16,742	17,125	41,864	45,158
Weighted average number of ordinary shares in issue ('000)	1,228,001	1,233,385	1,231,571	1,135,716
Basic/diluted earnings per ordinary share (sen)	<u>1.36</u>	<u>1.39</u>	<u>3.40</u>	<u>3.98</u>

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

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#### B13. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 30 September 2015 and 31 December 2014 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses* in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Unaudited As at 30.9.2015 RM'000</b>	<b>Audited As at 31.12.2014 RM'000</b>
Realised profits	81,703	102,642
Unrealised losses	(8,423)	(8,323)
<b>Total retained profits as per condensed consolidated statements of changes in equity</b>	<b>73,280</b>	<b>94,319</b>