

# 7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

**Date :** 25 FEBRUARY 2016

**Subject:** **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015**

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2015	31.12.2014 <sup>(1)</sup>	31.12.2015	31.12.2014 <sup>(1)</sup>
	RM'000	RM'000	RM'000	RM'000
Revenue	499,744	481,124	2,006,284	1,893,104
Cost of sales	(341,913)	(332,217)	(1,387,965)	(1,334,660)
<b>Gross profit</b>	157,831	148,907	618,319	558,444
Other operating income	29,535	30,900	109,675	107,340
Selling and distribution expenses	(146,937)	(133,224)	(561,695)	(496,649)
Administrative and other operating expenses	(20,581)	(20,787)	(88,144)	(76,097)
<b>Profit from operations</b>	19,848	25,796	78,155	93,038
Finance costs	(39)	(155)	(313)	(3,724)
<b>Profit before tax</b>	19,809	25,641	77,842	89,314
Income tax expense	(5,872)	(7,725)	(22,041)	(26,240)
<b>Profit after tax, representing total comprehensive income for the period/year</b>	13,937	17,916	55,801	63,074
<b>Profit attributable to:</b>				
Equity holders of the Company	13,937	17,916	55,801	63,074
<b>Basic/diluted earnings per ordinary share (sen) (Note B12)</b>	1.16	1.45	4.55	5.44

**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 FOURTH QUARTER ENDED 31 DECEMBER 2015  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 31.12.2015 RM'000	Audited As at 31.12.2014 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	303,196	242,473
Investment property	217	222
Intangible assets	21,828	11,499
Other investments	1	1
	325,242	254,195
<b>Current assets</b>		
Inventories	178,280	148,898
Sundry receivables	112,903	85,527
Tax recoverable	3,425	2,420
Cash and bank balances	122,341	244,110
	416,949	480,955
<b>Total assets</b>	742,191	735,150
<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	(58,913)	-
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Retained profits	87,217	94,319
<b>Total equity</b>	170,194	236,209
<b>Non-current liabilities</b>		
Provisions	5,674	5,254
Borrowings	132	2,061
Deferred tax liabilities	6,471	8,323
	12,277	15,638
<b>Current liabilities</b>		
Provisions	802	745
Borrowings	2,162	5,355
Trade payables	409,823	369,154
Other payables	146,915	108,013
Taxation	18	36
	559,720	483,303
<b>Total liabilities</b>	571,997	498,941
<b>Total equity and liabilities</b>	742,191	735,150
<b>Net assets per share attributable to ordinary equity holders of the Company (sen) <sup>(1)</sup></b>	14.27	19.15

**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 FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	-	55,801	-	55,801
Transaction with owners:						
Treasury shares acquired					(58,913)	(58,913)
Dividends on ordinary shares	-	-	-	(62,903)	-	(62,903)
<b>At 31 December 2015</b>	<b>123,338</b>	<b>1,361,800</b>	<b>(1,343,248)</b>	<b>87,217</b>	<b>(58,913)</b>	<b>170,194</b>
<b>At 1 January 2014 (Unaudited)*</b>	105,200	1,136,160	(1,343,248)	31,245	-	(70,643)
Total comprehensive income	-	-	-	63,074	-	63,074
Transaction with owners:						
Public issue of shares	18,138	232,173	-	-	-	250,311
Share issue expenses	-	(6,533)	-	-	-	(6,533)
<b>At 31 December 2014</b>	<b>123,338</b>	<b>1,361,800</b>	<b>(1,343,248)</b>	<b>94,319</b>	<b>-</b>	<b>236,209</b>

\* The comparative for the financial period ended 31 December 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)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>CUMULATIVE QUARTER</b>	
	<b>12 months ended</b>	
	<b>31.12.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers and other receivables	2,125,300	2,020,013
Cash paid to suppliers and employees	(1,978,126)	(1,864,354)
Cash generated from operations	147,174	155,659
Interest paid	(313)	(3,724)
Tax paid	(24,916)	(27,379)
Net cash generated from operating activities	<u>121,945</u>	<u>124,556</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(114,093)	(86,470)
Purchase of intangible assets	(10,943)	(10,903)
Proceeds from disposal of property, plant and equipment	2,955	47
Advances to intercompany (net)	-	43,151
Interest received	5,305	4,880
Net cash used in investing activities	<u>(116,776)</u>	<u>(49,295)</u>
<b>Cash flows from financing activities</b>		
Dividends paid on ordinary shares	(62,903)	-
Acquisition of treasury shares	(58,913)	-
Proceeds from issuance of shares pursuant to the IPO exercise	-	250,311
Payment of initial public offering exercise expenses	-	(9,087)
Proceeds from bankers' acceptances	-	191,952
Repayment of bankers' acceptances	-	(303,452)
Repayment of term loans	(819)	(2,180)
Repayment of hire purchase and finance lease liabilities	(4,303)	(6,535)
Net cash (used in)/generated from financing activities	<u>(126,938)</u>	<u>121,009</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(121,769)</b>	<b>196,270</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>244,110</b>	<b>47,840</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b><u>122,341</u></b>	<b><u>244,110</u></b>

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

Cash and bank balances	68,765	56,615
Fixed deposits with licensed banks	53,576	187,495
	<u>122,341</u>	<u>244,110</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 FOURTH QUARTER ENDED 31 DECEMBER 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:

Description	Effective for annual financial periods beginning on or after
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 FOURTH QUARTER ENDED 31 DECEMBER 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 financial year under review.

#### A6. CHANGES IN ESTIMATES

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

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

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

#### A8. DEBT AND EQUITY SECURITIES

There were no 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 year ended 31 December 2015 other than the following:-

##### Treasury shares

During the financial year ended 31 December 2015, the Company repurchased 40,500,000 of its issued ordinary shares from the open market at an average price of RM1.45 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 31 December 2015 are as follows:

Month	Price per share (RM)			Number of shares	Amount # RM'000
	Lowest	Highest	Average		
August 2015	1.48	1.57	1.52	8,070,000	12,338
September 2015	1.41	1.51	1.48	7,930,000	11,783
October 2015	1.39	1.50	1.44	8,200,000	11,891
November 2015	1.40	1.43	1.41	3,560,000	5,023
December 2015	1.34	1.56	1.40	12,740,000	17,878
			1.45	40,500,000	58,913

# Inclusive of transaction cost.

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 NOTES TO THE INTERIM FINANCIAL REPORT

#### A9. DIVIDEND PAID

During the financial year ended 31 December 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.

#### A10. SEGMENT REPORT

Segmental analysis for the financial year ended 31 December 2015 is as follows:

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
<b>For the twelve months ended 31 December 2015</b>			
Convenience stores	2,006,008	-	2,006,008
Others	276	56,698	56,974
Inter-segment elimination	-	(56,698)	(56,698)
	<u>2,006,284</u>	<u>-</u>	<u>2,006,284</u>
<b>For the twelve months ended 31 December 2014</b>			
Convenience stores	1,892,813	-	1,892,813
Others	291	77,697	77,988
Inter-segment elimination	-	(77,697)	(77,697)
	<u>1,893,104</u>	<u>-</u>	<u>1,893,104</u>

Results	CUMULATIVE QUARTER 12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000
Convenience stores	74,930	85,444
Others	(2,080)	(590)
	<u>72,850</u>	<u>84,854</u>
Interest income	5,305	8,184
<b>Profit from operations</b>	<b>78,155</b>	<b>93,038</b>
Finance costs	(313)	(3,724)
<b>Profit before tax</b>	<b>77,842</b>	<b>89,314</b>
Income tax expense	(22,041)	(26,240)
<b>Net profit for the period</b>	<b>55,801</b>	<b>63,074</b>

#### A11. PROPERTY, PLANT AND EQUIPMENT

During the 12 months ended 31 December 2015, the Group acquired assets at costs of RM114.1 million (2014 : RM86.5 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 FOURTH QUARTER ENDED 31 DECEMBER 2015  
NOTES TO THE INTERIM FINANCIAL REPORT**

**A12. INTANGIBLE ASSETS**

Intangible assets include computer software-in-development. During the year ended 31 December 2015, the Group acquired computer software-in-development assets at costs of RM10.9 million (2014 : RM10.9 million).

**A13. SIGNIFICANT RELATED PARTY TRANSACTIONS**

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2015 RM'000	31.12.2014 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 7-Eleven Malaysia through promissory note	-	136,888
<b>With a subsidiary company</b>			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Dividend receivable from 7-Eleven Malaysia	56,000	77,000
	Advances to 7-Eleven Malaysia	10,000	-
	Advances from 7-Eleven Malaysia	4,048	5,344
	Interest expense on advances from 7-Eleven Malaysia	127	490
	Interest income on dividend receivable from 7-Eleven Malaysia	1,217	-
	Interest income on advances to 7-Eleven Malaysia	159	-

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015  
NOTES TO THE INTERIM FINANCIAL REPORT**

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

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2015 RM'000	31.12.2014 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, and bill payments	23,995	20,484
	Payment to MOL for reload transaction values for in-store services for sale of mobile phone, Touch'n Go and online game reloads, and bill payments	621,266	462,548
U Mobile Sdn. Bhd. ("U Mobile")	Receipt of payment from U Mobile for commission for sale of mobile phone reloads	7,827	8,189
	Payment to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	127,649	128,298
	Receipt of payment from U Mobile for advertisement placement fees	5,732	4,973
Kakao Malaysia Sdn. Bhd. ("Kakao")	Receipt of payment from Kakao for advertisement placement fees	-	1,400
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipt of payment from BChannel for advertisement placement fees	1,500	1,500
Sun Media Corporation Sdn. Bhd. ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	612	387
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	752	720

**7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)****UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015  
NOTES TO THE INTERIM FINANCIAL REPORT****A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)**

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2015 RM'000	31.12.2014 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 - Lease interest	- 303	2,034 641
Securexpress Services Sdn. Bhd. ("Securexpress")	Payment to Securexpress for fees relating to the delivery of merchandise to stores	13,817	13,085
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payment to Berjaya Sompo for insurance premium	1,724	1,146
Nural Enterprise Sdn. Bhd. ("Nural")	Payment to Nural for rental of property and service charges	2,188	1,909
Berjaya Times Square Sdn. Bhd. ("BTS")	Payment to BTS for rental of property and service charges	974	991

\* 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 RM6,645,000 (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 FOURTH QUARTER ENDED 31 DECEMBER 2015  
NOTES TO THE INTERIM FINANCIAL REPORT**

**A15. CAPITAL COMMITMENTS**

	<b>The Group</b>	
	<b>Unaudited As at 31.12.2015 RM'000</b>	<b>Audited As at 31.12.2014 RM'000</b>
Approved and contracted for		
- property, plant and equipment	-	35,690
- intangible assets	16,706	14,100
	<u>16,706</u>	<u>49,790</u>
Approved but not contracted for		
- property, plant and equipment	113,076	126,070
- intangible assets	8,036	4,000
	<u>121,112</u>	<u>130,070</u>
	<u>137,818</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 FOURTH QUARTER ENDED 31 DECEMBER 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 RM499.7 million grew by RM18.6 million or 3.9% against the corresponding quarter's revenue in the previous year of RM481.1 million. The growth in revenue continued to be 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 weak consumer confidence/spending.

Gross profit of RM157.8 million improved by RM8.9 million or 6.0% compared to the corresponding quarter in the previous year and this was mainly attributed to the revenue growth of 3.9% and gross profit margin expansion of 0.7% points. Other operating income decreased by 4.4% compared to the corresponding quarter in the previous year due to one-off rebate from a major vendor in the corresponding quarter of 2014 which is non-recurrent in 2015.

Selling and distribution expenses for the quarter increased by RM13.7 million or 10.3%, mainly caused by new store expansion resulting in higher staff cost, rental cost, store depreciation expense and store maintenance cost.

Administrative and other operating expenses for the quarter decreased marginally by 1.0%.

The profit before tax of RM19.8 million declined by 22.7% or RM5.8 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.

##### Review of 12 Months Period Performance versus Corresponding Period Last Year

For the 12 months ended 31 December 2015, the Group's revenue of RM2.006 billion grew RM113.2 million or 6.0% against the corresponding 12 months' revenue in the previous year of RM1.893 billion. The growth in revenue was driven by the growth in new stores (total stores as at 31 December 2015: 1,944 stores; 2014:1745 stores), improved merchandise mix and consumer promotion activity.

The Group's gross profit for the current 12 months period of RM618.3 million was higher than previous year corresponding period of RM558.4 million by 10.7% and this was mainly attributed to the revenue growth of 6.0% and gross profit margin expansion of 1.3% points. Other operating income increased by 2.2% compared to the corresponding 12 months in the previous year.

Selling and distribution expenses for the 12 months period in 2015 increased by RM65.0 million or 13.1% compared to the corresponding 12 months in the previous year, mainly caused by higher staff cost, rental cost, store depreciation expense and store maintenance cost which is in tandem with new store expansion.

Administrative and other operating expenses increased by RM12.0 million or 15.8% compared to the corresponding 12 months in the previous year due to higher marketing expenses, staff cost, head office depreciation expense, impairment of capital work in progress and amortisation of intangible assets.

The profit before tax of RM77.8 million for the 12 months ended 31 December 2015 declined by 12.8% or RM11.5 million year-on-year which was mainly attributed to lower sales growth due to the impact of GST and low consumer confidence, and higher selling and distribution expenses from new store expansion.

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

### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

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

The Group's profit before tax has declined from RM22.6 million in the third quarter to RM19.8 million in the fourth quarter of the current year by 12.2% primarily due to 3.8% decrease in revenue albeit lower than 4.8% decline for the corresponding quarter-on-quarter change last year and continued dip in customer confidence/spending coupled with increase in selling and distribution expenses by 3.3% from new store expansion.

#### **B3. PROSPECTS**

The Board of Directors is of the view that the trading conditions for the next quarter 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.

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

#### B5. PROFIT FROM OPERATIONS

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

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Interest income	(1,144)	(1,724)	(5,305)	(8,184)
Depreciation of property, plant and equipment	13,893	11,018	47,744	37,884
Property, plant and equipment written off	500	383	1,173	878
Amortisation charge for investment property	1	2	5	7
Amortisation of intangible assets	104	-	614	-
Impairment of capital work in progress	1,296	-	1,296	-
Write back of rental of premises	-	-	-	(3,475)
Overprovision on write back of rental of premises	-	332	-	-
Initial Public Offering ("IPO") expenses	-	-	-	1,884
Over provision of IPO and listing expenses in respect of prior year	-	(161)	-	(2,261)
Provision for and write off of inventories	1,609	337	1,609	337
Provision for and write off of receivables	91	126	559	126
Impairment loss on sundry receivables	-	-	-	13
Impairment loss on sundry receivables written back	-	(19)	-	-
(Gain)/Loss on disposal of property, plant and equipment	320	15	320	(25)
(Gain)/Loss on foreign exchange translation differences	(74)	19	186	50

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 year ended 31 December 2015.

#### B6. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Income tax:				
Current period provision	7,824	9,415	24,701	26,343
Over provision in prior year	-	(3)	(808)	(3)
	<u>7,824</u>	<u>9,412</u>	<u>23,893</u>	<u>26,340</u>

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

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

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2015 RM'000	31.12.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000
Deferred tax				
Relating to origination and reversal of temporary differences	2,503	(1,433)	2,603	154
Over provision in prior year	(4,455)	(254)	(4,455)	(254)
	<u>(1,952)</u>	<u>(1,687)</u>	<u>(1,852)</u>	<u>(100)</u>
	<u>5,872</u>	<u>7,725</u>	<u>22,041</u>	<u>26,240</u>

Income tax expense is recognised based on management's best estimation. The Group's consolidated effective tax rates for the current quarter and financial period ended 31 December 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 Note 1	Change of proposed utilisation Note 2	Revised balance	Estimated time frame for utilisation
	RM'000	RM'000	RM'000	RM'000	RM'000	
i. Capital expenditure	184,790	112,910	-	(40,790)	31,090	Within 36 months
ii. Working capital	42,664	92,610	(9,156)	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>219,221</b>	<b>-</b>	<b>-</b>	<b>31,090</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.



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

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#### B9. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 31 December 2015 are as follows: -

	Unaudited As at 31.12.2015 RM'000	Audited As at 31.12.2014 RM'000
<b>Short term borrowings</b>		
<b>Secured:</b>		
Term loans	-	819
Hire purchase and finance lease liabilities	2,162	4,536
	<u>2,162</u>	<u>5,355</u>
<b>Long term borrowings</b>		
<b>Secured:</b>		
Hire purchase and finance lease liabilities	132	2,061
	<u>132</u>	<u>2,061</u>
<b>Total borrowings</b>		
Term loans	-	819
Hire purchase and finance lease liabilities	2,294	6,597
	<u>2,294</u>	<u>7,416</u>

#### B10. MATERIAL LITIGATION

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

#### B11. DIVIDEND

The Board of Directors has declared an interim single tier dividend of 2.3 sen per ordinary share (previous year corresponding quarter ended 31 December 2014 : 2.5 sen) and a special single tier dividend of 2.4 sen per ordinary share (previous year corresponding quarter ended 31 December 2014 : 2.6 sen) in respect of the financial year ended 31 December 2015, which will be paid on 31 March 2016. The entitlement date is on 17 March 2016.

Total dividend declared in respect of the financial year ended 31 December 2015 is 4.7 sen per ordinary share (previous financial year ended 31 December 2014 : 5.1 sen), including the above-mentioned dividend declarations which are payable subsequent to the current financial year end. The total dividend declared for the financial year ended 31 December 2015 is approximately RM 55.5 million, representing approximately 100% of the attributable profit of the Group for the financial year ended 31 December 2015.

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

### UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

#### B12. EARNINGS PER SHARE

	CURRENT QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Net profit attributable to ordinary shares (RM'000)	13,937	17,916	55,801	63,074
Weighted average number of ordinary shares in issue ('000)	1,206,119	1,233,385	1,225,155	1,160,334
Basic/diluted earnings per ordinary share (sen)	<u>1.16</u>	<u>1.45</u>	<u>4.55</u>	<u>5.44</u>

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

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

The breakdown of the retained profits of the Group as at 31 December 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.

	Unaudited As at 31.12.2015 RM'000	Audited As at 31.12.2014 RM'000
Realised profits	93,688	102,642
Unrealised losses	<u>(6,471)</u>	<u>(8,323)</u>
<b>Total retained profits as per condensed consolidated statements of changes in equity</b>	<u>87,217</u>	<u>94,319</u>