

7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

Date : 26 February 2019

Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2018

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2018	Restated 31.12.2017	31.12.2018	Restated 31.12.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	554,263	546,240	2,216,099	2,187,102
Cost of sales	<u>(346,008)</u>	<u>(349,021)</u>	<u>(1,400,333)</u>	<u>(1,413,160)</u>
Gross profit	208,255	197,219	815,766	773,942
Other operating income	1,837	10,142	5,518	17,761
Selling and distribution expenses	(164,701)	(155,090)	(642,803)	(614,417)
Administrative and other operating expenses	<u>(21,855)</u>	<u>(23,116)</u>	<u>(94,714)</u>	<u>(97,558)</u>
Profit from operations	23,536	29,155	83,767	79,728
Finance costs	<u>(2,414)</u>	<u>(2,599)</u>	<u>(9,908)</u>	<u>(9,232)</u>
Profit before tax	21,122	26,556	73,859	70,496
Income tax expense	<u>(8,614)</u>	<u>(10,701)</u>	<u>(22,529)</u>	<u>(20,389)</u>
Profit after tax	<u>12,508</u>	<u>15,855</u>	<u>51,330</u>	<u>50,107</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Revaluation of land and buildings	2,513	6,116	2,513	44,996
Deferred taxation	<u>(2,145)</u>	<u>(641)</u>	<u>(2,145)</u>	<u>(4,212)</u>
Total other comprehensive income (net of taxation):	<u>368</u>	<u>5,475</u>	<u>368</u>	<u>40,784</u>
Total comprehensive income for the financial period/year	<u>12,876</u>	<u>21,330</u>	<u>51,698</u>	<u>90,891</u>
Profit after tax attributable to:				
Equity holders of the Company	12,485	15,855	51,307	50,107
Non-controlling interest	<u>23</u>	<u>-</u>	<u>23</u>	<u>-</u>
	<u>12,508</u>	<u>15,855</u>	<u>51,330</u>	<u>50,107</u>
Total comprehensive income for the financial period/year				
Equity holders of the Company	12,853	21,330	51,675	90,891
Non-controlling interest	<u>23</u>	<u>-</u>	<u>23</u>	<u>-</u>
	<u>12,876</u>	<u>21,330</u>	<u>51,698</u>	<u>90,891</u>
Basic/diluted earnings per ordinary share (sen) (Note B11)	<u>1.11</u>	<u>1.43</u>	<u>4.57</u>	<u>4.51</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 31.12.2018 RM'000	Audited As at 31.12.2017 RM'000
Assets		
Non-current assets		
Property, plant and equipment	323,982	350,404
Investment property	400	400
Intangible assets	33,908	35,298
Other investments	1	1
Goodwill	381	-
	<u>358,672</u>	<u>386,103</u>
Current assets		
Inventories	226,626	221,957
Sundry receivables	98,189	113,526
Tax recoverable	-	3,748
Cash and bank balances	76,301	69,634
	<u>401,116</u>	<u>408,865</u>
Total assets	<u>759,788</u>	<u>794,968</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	1,485,138	1,485,138
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Assets revaluation reserve	41,152	40,784
Retained profits	71,209	81,985
	<u>254,251</u>	<u>264,659</u>
Treasury shares	(161,941)	(190,625)
	<u>92,310</u>	<u>74,034</u>
Non-controlling interest	169	-
Total equity	<u>92,479</u>	<u>74,034</u>
Non-current liabilities		
Provisions	7,742	7,400
Borrowings	44,611	42,400
Deferred tax liabilities	19,921	19,436
	<u>72,274</u>	<u>69,236</u>
Current liabilities		
Provisions	249	277
Borrowings	127,303	143,619
Trade payables	358,374	392,617
Other payables	108,114	115,184
Taxation	995	1
	<u>595,035</u>	<u>651,698</u>
Total liabilities	<u>667,309</u>	<u>720,934</u>
Total equity and liabilities	<u>759,788</u>	<u>794,968</u>
Net assets per share attributable to ordinary equity holders of the Company, based on number of outstanding shares in issue with voting rights (sen)	<u>8.22</u>	<u>6.67</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Attributable to Equity Holders of the Company

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reorganisation deficit RM'000	Assets revaluation reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2018									
As previously stated	1,485,138	-	(190,625)	(1,343,248)	40,784	81,985	74,034	-	74,034
MFRS 15 adoption (Note A3)	-	-	-	-	-	(3,420)	(3,420)	-	(3,420)
As restated	1,485,138	-	(190,625)	(1,343,248)	40,784	78,565	70,614	-	70,614
Total comprehensive income	-	-	-	-	368	51,308	51,676	23	51,699
Acquisition of a subsidiary	-	-	-	-	-	-	-	146	146
Dividends on ordinary shares	-	-	28,684	-	-	(58,664)	(29,980)	-	(29,980)
At 31 December 2018	1,485,138	-	(161,941)	(1,343,248)	41,152	71,209	92,310	169	92,479
At 1 January 2017									
As restated	123,338	1,361,800	(190,625)	(1,343,248)	-	84,066	35,331	-	35,331
Transfer pursuant to S618(2) of CA 2016 *	1,361,800	(1,361,800)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	40,784	50,107	90,891	-	90,891
Dividends on ordinary shares	-	-	-	-	-	(52,188)	(52,188)	-	(52,188)
At 31 December 2017	1,485,138	-	(190,625)	(1,343,248)	40,784	81,985	74,034	-	74,034

Note:

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium and capital redemption reserve accounts shall become part of Share Capital.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CUMULATIVE QUARTER	
	12 months ended	
	31.12.2018	31.12.2017
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	2,290,404	2,352,114
Cash paid to suppliers and employees	(2,174,297)	(2,282,307)
Cash generated from operations	116,107	69,807
Interest paid	(9,908)	(9,232)
Tax paid	(19,449)	(11,527)
Net cash generated from operating activities	<u>86,750</u>	<u>49,048</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,022)	(44,560)
Purchase of intangible assets	-	(3,613)
Proceeds from disposal of property, plant and equipment	350	282
Acquisition of a subsidiary	(754)	-
Interest received	1,008	888
Net cash used in investing activities	<u>(35,418)</u>	<u>(47,003)</u>
Cash flows from financing activities		
Dividends paid on ordinary shares	(29,980)	(52,188)
Proceeds from bankers' acceptances	280,200	330,820
Proceeds from revolving credit	-	40,000
Proceeds from term loan	18,000	32,000
Repayment of bankers' acceptances	(301,000)	(324,533)
Repayment of term loans	(11,800)	(7,800)
Repayment of hire purchase and finance lease liabilities	(85)	(160)
Net cash (used in)/generated from financing activities	<u>(44,665)</u>	<u>18,139</u>
Net increase in cash and cash equivalents	6,667	20,184
Cash and cash equivalents at beginning of the financial year	<u>69,634</u>	<u>49,450</u>
Cash and cash equivalents at end of the financial year	<u>76,301</u>	<u>69,634</u>
Cash and cash equivalents at the end of the financial period comprises the following:-		
Cash and bank balances	74,657	63,904
Fixed deposits with licensed banks	1,644	5,730
	<u>76,301</u>	<u>69,634</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
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.

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 2017.

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 2017 except as follows:

On 1 January 2018, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2018:

Description	Effective for annual financial periods beginning on or after
MFRS 9 : <i>Financial Instruments</i>	1 January 2018
MFRS 15 : <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 2 : <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4 : <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 140 : <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 : <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle:	
(i) Amendments to MFRS 1 : <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2018

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

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:

Description	Effective for annual financial periods beginning on or after
MFRS 16 : <i>Leases</i>	1 January 2019
Amendments to MFRS 9 : <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 119 : <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128 : <i>Long-term Interests in Associates and Joint Venture</i>	1 January 2019
IC Interpretation 23 : <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle:	
(i) Amendments to MFRS 3 : <i>Business Combinations</i>	1 January 2019
(ii) Amendments to MFRS 11 : <i>Joint Arrangements</i>	1 January 2019
(iii) Amendments to MFRS 112 : <i>Income Taxes</i>	1 January 2019
(iv) Amendments to MFRS 123 : <i>Borrowing Costs</i>	1 January 2019
Amendments to MFRS 2 : <i>Share-Based Payment</i>	1 January 2020
Amendment to MFRS 3 : <i>Business Combinations</i>	1 January 2020
Amendments to MFRS 6 : <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
Amendment to MFRS 14 : <i>Regulatory Deferral Accounts</i>	1 January 2020
Amendments to MFRS 101 : <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108 : <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 134 : <i>Interim Financial Reporting</i>	1 January 2020
Amendment to MFRS 137 : <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendment to MFRS 138 : <i>Intangible Assets</i>	1 January 2020
Amendment to IC Interpretation 12 : <i>Service Concession Arrangements</i>	1 January 2020
Amendment to IC Interpretation 19 : <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
Amendment to IC Interpretation 20 : <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
Amendment to IC Interpretation 22 : <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2020
Amendments to IC Interpretation 132 : <i>Intangible Assets - Web Site Costs</i>	1 January 2020
MFRS 17 : <i>Insurance Contract</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 : <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 2018. 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, other than MFRS 16 : *Leases* which will be effective from 1 January 2019. The adoption of MFRS 16 : *Leases* will have an effect on the classification and measurement of the Group's lease assets and liabilities.

MFRS 15 : Revenue from Contracts with Customers

MFRS 15 established a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 superseded previous revenue recognition guidance including MFRS 118: Revenue, MFRS 111: Construction Contracts and the related interpretations.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when control of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has assessed the effects of applying the new standards on the financial statements and the impacts of adopting MFRS 15 is detailed in below.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
 NOTES TO THE INTERIM FINANCIAL REPORT

RESTATEMENT OF CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER 3 months ended			CUMULATIVE QUARTER 12 months ended		
	As previously stated	Effects of adoption	As restated	As previously stated	Effects of adoption	As restated
	31.12.2017 RM'000	MFRS 15 RM'000	31.12.2017 RM'000	31.12.2017 RM'000	MFRS 15 RM'000	31.12.2017 RM'000
Revenue	546,240		546,240	2,187,102		2,187,102
Cost of sales	(372,393)	23,372	(349,021)	(1,495,772)	82,612	(1,413,160)
Gross profit	173,847		197,219	691,330		773,942
Other operating income	42,724	(32,582)	10,142	137,199	(119,438)	17,761
Selling and distribution expenses	(164,300)	9,210	(155,090)	(651,243)	36,826	(614,417)
Administrative and other operating expenses	(23,116)		(23,116)	(97,558)		(97,558)
Profit from operations	29,155		29,155	79,728		79,728
Finance costs	(2,599)		(2,599)	(9,232)		(9,232)
Profit before tax	26,556		26,556	70,496		70,496
Income tax expense	(10,701)		(10,701)	(20,389)		(20,389)
Profit after tax, representing total comprehensive income for the financial year	15,855		15,855	50,107		50,107
Profit after tax and total comprehensive income attributable to:						
Equity holders of the Company	15,855		15,855	50,107		50,107
Basic/diluted earnings per ordinary share (sen) (Note B11)	1.43		1.43	4.51		4.51

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Group typically experience higher customer count, transaction value and sales during weekends, public holidays, school holidays and festive periods such as Chinese New Year, Hari Raya, Deepavali and Christmas.

A5. ITEMS OF UNUSUAL NATURE

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

A6. CHANGES IN ESTIMATES

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

A7. CHANGES IN COMPOSITION OF THE GROUP

On 18 April 2018, Convenience Shopping (Sabah) Sdn. Bhd. ("CSSSB"), a subsidiary of 7-Eleven Malaysia Sdn. Bhd. ("7EMSB"), which in turn is wholly-owned by the Company, had entered into a SSA for the purpose of acquiring 123,004 ordinary shares in Café Decoral Sdn. Bhd. ("CDSB"), representing 60% equity interest in CDSB, at a purchase consideration of RM600,000 ("Proposed Acquisition"). The Proposed Acquisition has been completed on 28 September 2018.

A8. DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations and resales of treasury shares for the current financial year ended 31 December 2018 and period up to the date of this announcement.

A9. DIVIDEND PAID

During the financial year ended 31 December 2018, the Company paid a single tier cash dividend of 2.7 sen per ordinary share on 1,110,385,000 ordinary shares with voting rights and share dividend equivalent to 2.6 sen per share via distribution of 18,505,823 treasury shares on the basis of 1 treasury share for every 60 existing ordinary shares held. The entitlement date was fixed on 14 May 2018 and the cash dividend was paid on 24 May 2018. The treasury shares was credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn. Bhd. on 24 May 2018.

A10. SEGMENT REPORT

Segmental analysis for the financial year ended 31 December 2018 is as follows:

	External RM'000	Inter- segment RM'000	Total RM'000
Revenue			
For the twelve months ended 31 December 2018			
Convenience stores	2,215,151	-	2,215,151
Others	948	841	1,789
Inter-segment elimination	-	(841)	(841)
	2,216,099	-	2,216,099
For the twelve months ended 31 December 2017			
Convenience stores	2,186,812	-	2,186,812
Others	290	58,697	58,987
Inter-segment elimination	-	(58,697)	(58,697)
	2,187,102	-	2,187,102

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A10. SEGMENT REPORT (CONT'D)

	CUMULATIVE QUARTER	
	12 months ended	
	31.12.2018	Restated 31.12.2017
Results	RM'000	RM'000
Convenience stores	83,895	80,637
Others	(1,136)	(1,797)
	<u>82,759</u>	<u>78,840</u>
Interest income	1,008	888
Profit from operations	83,767	79,728
Finance costs	(9,908)	(9,232)
Profit before tax	73,859	70,496
Income tax expense	(22,529)	(20,389)
Net profit for the year	51,330	50,107

A11. PROPERTY, PLANT AND EQUIPMENT

During the 12 months ended 31 December 2018, the Group acquired assets at costs of RM36.0 million (2017 : RM44.6 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

The Management determined that the freehold and leasehold land and buildings constitutes one class of asset under MFRS 13 Fair Value Measurement, based on the nature, characteristics and risks of the freehold and leasehold land and buildings.

Fair value of the freehold and leasehold land and buildings were determined using the market comparison method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of each specific properties. As at the date of valuation, the freehold and leasehold land and buildings' fair value was assessed and confirmed by management based on valuations performed by an independent professional valuer specialising in valueing property of similar nature.

If the freehold and leasehold land and buildings were measured using the cost model, its carrying amount would have been RM33.5 million (31 December 2017: RM33.8 million) as at 31 December 2018.

A12. INVESTMENT PROPERTY

The valuation of investment property has been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2017.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
 NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER	
		12 months ended	
		31.12.2018	31.12.2017
		RM'000	RM'000
With a subsidiary company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Dividends receivable from 7-Eleven Malaysia	-	58,000
	Advances to 7-Eleven Malaysia	3,021	5,916
	Interest expense on advances from 7-Eleven Malaysia	4,436	4,631
		<u>4,436</u>	<u>4,631</u>
With companies in which TSVT is deemed interested*			
MOL AccessPortal Sdn. Bhd. ("MOL")	Receipts of payment from MOL for commission for sale of mobile phone, Touch'n Go and online game reloads and bill payments	31,535	27,239
	Payments 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	2,102,786	1,152,605
		<u>2,102,786</u>	<u>1,152,605</u>
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	12,707	12,041
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	202,214	194,511
	Receipts of payment from U Mobile for advertisement placement fees	7,512	6,833
		<u>7,512</u>	<u>6,833</u>
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipts of payment from BChannel for advertisement placement fees	42	50
		<u>42</u>	<u>50</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
 NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER	
		31.12.2018	31.12.2017
		RM'000	RM'000
With companies in which TSVT is deemed interested*			
Sun Media Corporation Sdn. Bhd. ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	943	740
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	720	720
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	9,832	10,888
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payments to Berjaya Sompo for insurance premium	1,772	2,459
Nural Enterprise Sdn. Bhd. ("Nural")	Payments to Nural for rental of property	1,327	1,369
Berjaya Times Square Sdn. Bhd. ("BTS")	Payments to BTS for rental of property	569	558

A14. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM7,344,318 (31 December 2017: RM9,154,878) 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A15. CAPITAL COMMITMENTS

	The Group	
	Unaudited	Audited
	As at	As at
	31.12.2018	31.12.2017
	RM'000	RM'000
Property, plant and equipment		
- approved and contracted for	7,265	4,604
- approved but not contracted for	99,749	103,145
	<u>107,014</u>	<u>107,749</u>

A16. SUBSEQUENT EVENT

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018
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 RM554.3 million grew by RM8.0 million or 1.5% against the corresponding quarter's revenue in the previous year of RM546.2 million. The growth in revenue continued to be driven by the growth in new stores, higher average spend per customer and better consumer promotion activity.

Gross profit of RM208.3 million improved by RM11.0 million or 5.6% compared to the corresponding quarter in the previous year. This was mainly attributed to the increase in revenue and improvement in gross margin by 1.5% points. The improvement in gross profit was attributed to higher gross profit margins across most categories boosted by marketing income.

Other operating income of RM1.8 million decreased by RM8.3 million or 81.9% compared to quarter of previous year, primarily attributed by compensation income from vendors of RM7.5 million in the previous year.

Selling and distribution expenses for the quarter increased by RM9.6 million or 6.2% against the corresponding quarter in the previous year. This was mainly due to new store expansion resulting in higher staff related costs and rental costs.

Despite increase in revenue, gross margin improvement and higher marketing income, the Group recorded a decrease of RM3.3 million or 21.1% in profit after tax due to higher other operating income in previous year.

Review of 12 Months Period Performance versus Corresponding Period Last Year

For the 12 months ended 31 December 2018, the Group's revenue of RM2.22 billion grew RM29.0 million or 1.3% against the previous year of RM2.19 billion. The growth in revenue was driven by the growth in new stores, improvement in same store sales and consumer promotion activity.

Gross profit improved by RM41.8 mil or 5.4% compared to the corresponding period in the previous year. This was mainly attributed to the revenue growth and gross profit margin expansion of 1.4% points. Other operating income decreased by RM12.2 million or 68.9% compared to the previous year.

The Group registered profit after tax of RM51.3 million which is RM1.2 million or 2.4% increased against the previous year driven by higher profit contribution amongst most product categories and higher marketing income offset against lower other operating income.

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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's profit before tax for the fourth quarter decreased by 4.8% against the immediate preceding quarter mainly due to lower sales achieved, and higher sales and distribution expenses incurred in current quarter as compared to preceding quarter.

B3. PROSPECTS

The Board of Directors is of the view that the trading conditions for the next quarter are expected to improve driven by domestic demand and anticipated heightened consumer sentiment. The Group will continue to refresh the 7-Eleven brand in the mind of the customer through innovations in our promotions, the products and pricing. We expect to see further improvement in the next quarter by pursuing our core strategy pillars of Operations Excellence, Cost Management and Commercial Innovation.

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 12 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	Restated 31.12.2017 RM'000
Interest income	(252)	(281)	(1,008)	(888)
Depreciation of property, plant and equipment	14,287	14,339	58,845	55,864
Property, plant and equipment written off	721	868	3,052	2,704
Amortisation of intangible assets	1,146	1,083	5,044	4,313
Provision for and write off of inventories	797	1,202	4,482	5,545
Provision for doubtful debts	621	231	621	371
Bad debt written off	-	5	-	5
Loss/(Gain) on disposal of property, plant and equipment	19	(29)	83	(100)
Loss/(Gain) on foreign exchange translation differences	-	(50)	6	(92)

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 31 December 2018.

B6. TAXATION

	CURRENT QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Income tax:				
Current period provision	6,193	6,045	24,986	23,780
Over provision in prior year	4	94	(771)	(2,751)
	<u>6,197</u>	<u>6,139</u>	<u>24,215</u>	<u>21,029</u>
Deferred tax:				
Relating to (reversal)/origination of temporary differences	3,600	3,077	(503)	(2,125)
Over provision in prior year	(1,183)	1,485	(1,183)	1,485
	<u>2,417</u>	<u>4,562</u>	<u>(1,686)</u>	<u>(640)</u>
	<u>8,614</u>	<u>10,701</u>	<u>22,529</u>	<u>20,389</u>

Income tax expense is recognised based on management's best estimation. The Group's consolidated effective tax rates for the current quarter and financial year ended 31 December 2018 were higher than the Malaysian's statutory tax rate mainly due to certain expenses not deductible under tax legislation.

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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 31 December 2018 are as follows: -

	Unaudited As at 31.12.2018 RM'000	Audited As at 31.12.2017 RM'000
Short term borrowings		
Secured:		
Hire purchase and finance lease liabilities	87	19
Unsecured:		
Bankers' acceptances	51,145	71,800
Term loan	16,071	11,800
Revolving credit	60,000	60,000
	<u>127,303</u>	<u>143,619</u>
Long term borrowings		
Secured:		
Hire purchase and finance lease liabilities	211	-
Unsecured:		
Term loan	44,400	42,400
	<u>44,611</u>	<u>42,400</u>
Total borrowings		
Bankers' acceptances	51,145	71,800
Term loan	60,471	54,200
Revolving credit	60,000	60,000
Hire purchase and finance lease liabilities	298	19
	<u>171,914</u>	<u>186,019</u>

B9. MATERIAL LITIGATION

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

B10. DIVIDEND

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

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B11. EARNINGS PER SHARE

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Net profit attributable to equity holders of the company (RM'000)	12,485	15,855	51,307	50,107
Weighted average number of ordinary shares in issue ('000)	1,128,891	1,110,385	1,123,010	1,110,385
Basic/diluted earnings per ordinary share (sen)	<u>1.11</u>	<u>1.43</u>	<u>4.57</u>	<u>4.51</u>

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