

7-Eleven Malaysia Holdings Berhad
[Registration No: 201301028701 (1058531-W)]

Date : 25 May 2023

**Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
31 MAR 2023**

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	CURRENT AND CUMULATIVE QUARTER	
	3 months ended	
	31.3.2023	31.3.2022
	RM'000	RM'000
Revenue	976,920	839,975
Cost of sales	<u>(712,179)</u>	<u>(607,508)</u>
Gross profit	264,741	232,467
Other operating income	48,174	44,468
Selling and distribution expenses	(221,045)	(173,915)
Administrative and other operating expenses	<u>(46,993)</u>	<u>(41,132)</u>
Profit from operations	44,877	61,888
Finance costs	(17,259)	(16,225)
Share of results of joint ventures	<u>(1,501)</u>	<u>-</u>
Profit before tax	26,117	45,663
Income tax expense	<u>(9,397)</u>	<u>(14,453)</u>
Profit after tax	<u>16,720</u>	<u>31,210</u>
Profit after tax attributable to:		
Equity holders of the Company	15,675	24,375
Non-controlling interest	<u>1,045</u>	<u>6,835</u>
	<u>16,720</u>	<u>31,210</u>
Total comprehensive income for the financial year		
Equity holders of the Company	15,675	24,375
Non-controlling interest	<u>1,045</u>	<u>6,835</u>
	<u>16,720</u>	<u>31,210</u>
Basic/diluted earnings per ordinary share (sen) (Note B11)	<u>1.41</u>	<u>2.16</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	The Group	
	Unaudited As at 31.3.2023 RM'000	Audited As at 31.12.2022 RM'000
Assets		
Non-current assets		
Property, plant and equipment	374,352	361,620
Investment properties	20,584	20,584
Right of use assets	691,210	684,363
Intangible assets	474,785	473,375
Investment in joint ventures	11,922	9,665
Other investments	115,108	33,392
Sundry receivables	23,598	23,598
Deferred tax assets	8,313	12,382
	1,719,872	1,618,979
Current assets		
Inventories	505,076	453,054
Sundry receivables	110,378	220,356
Tax recoverable	10,928	8,411
Other investment	34,954	77,794
Cash and bank balances	321,124	298,633
	982,460	1,058,248
Total assets	2,702,332	2,677,227
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	1,485,138	1,485,138
Treasury shares	(194,302)	(194,302)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Reserves	82,937	82,937
Retained profits	119,255	103,636
	149,780	134,161
Non-controlling interest	81,041	96,080
Total equity	230,821	230,241
Non-current liabilities		
Provisions	14,354	15,251
Borrowings	641,784	643,476
Lease liabilities	588,019	579,417
Contingent consideration	33,423	33,423
Contract liabilities	12,219	12,698
Deferred tax liabilities	62,009	65,787
	1,351,808	1,350,052
Current liabilities		
Provisions	1,418	1,982
Borrowings	114,810	77,566
Trade payables	662,353	668,370
Other payables	205,082	211,332
Lease liabilities	112,592	113,042
Contract liabilities	11,034	11,783
Taxation	12,414	12,859
	1,119,703	1,096,934
Total liabilities	2,471,511	2,446,986
Total equity and liabilities	2,702,332	2,677,227
Net assets per share attributable to ordinary equity holders of the Company, based on number of outstanding shares in issue with voting rights (sen)	13.49	12.09

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company								
	Share capital RM'000	Treasury shares RM'000	Capital reorganisation deficit RM'000	Assets revaluation reserve RM'000	FVTOCI reserves RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2023									
As previously stated	1,485,138	(194,302)	(1,343,248)	45,599	37,338	103,636	134,161	96,080	230,241
Acquisition of subsidiaries	-	-	-	-	-	-	-	402	402
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	(56)	(56)	(29)	(85)
Total comprehensive income	-	-	-	-	-	15,675	15,675	1,045	16,720
Transaction with owners:									
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(16,457)	(16,457)
At 31 March 2023	1,485,138	(194,302)	(1,343,248)	45,599	37,338	119,255	149,780	81,041	230,821
At 1 January 2022									
As previously stated	1,485,138	(161,410)	(1,343,248)	43,236	-	66,266	89,982	92,061	182,043
Acquisition of treasury shares	-	(32,892)	-	-	-	-	(32,892)	-	(32,892)
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	(221)	(221)	(68)	(289)
Total comprehensive income	-	-	-	2,363	37,338	66,875	106,576	18,229	124,805
Transaction with owners:									
Dividends on ordinary shares	-	-	-	-	-	(29,284)	(29,284)	-	(29,284)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(14,142)	(14,142)
At 31 December 2022	1,485,138	(194,302)	(1,343,248)	45,599	37,338	103,636	134,161	96,080	230,241

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CUMULATIVE QUARTER	
	3 months ended	
	31.3.2023	31.3.2022
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	998,526	900,931
Cash paid to suppliers and employees	(948,255)	(770,764)
Cash generated from operations	50,271	130,167
Interest paid	(7,897)	(6,540)
Tax paid	(12,113)	(9,418)
Tax refund	-	54
Net cash generated from operating activities	<u>30,261</u>	<u>114,263</u>
Cash flows from investing activities		
Acquisition of subsidiaries and businesses	(3,621)	-
Investment in JCE	(3,758)	(8,645)
Changes in subsidiary's ownership interests that do not result in a loss of control	(84)	-
Purchase of property, plant and equipment	(33,380)	(17,009)
Proceeds from disposal of property, plant and equipment	162	956
Dividend income received	300	30
Interest received	1,526	636
Increase in pledge fixed deposits with licensed bank	(19)	-
Withdrawal/(Placement) with broker under a Discretionary Investment Fund, net	20,000	(35,000)
Withdrawal/(Placement) short term fund	35,044	(5,440)
Net cash used in investing activities	<u>16,170</u>	<u>(64,472)</u>
Cash flows from financing activities		
Dividends paid to non-controlling interests	(16,458)	(10,534)
Proceeds from bankers' acceptances	31,400	19,200
Proceeds from revolving credit	10,000	-
Payment of principal & interest portion of lease liabilities	(40,579)	(36,557)
Advances from non-controlling shareholders	1,696	-
Net repayment from related parties	2,861	-
Repayment of bankers' acceptances	(10,500)	(11,000)
Repayment of term loans	(2,018)	(8,643)
Repayment of hire purchase and finance lease liabilities	(14)	(11)
Net cash used in financing activities	<u>(23,612)</u>	<u>(47,545)</u>
Net increase in cash and cash equivalents	22,819	2,246
Cash and cash equivalents at beginning of the financial period	296,778	158,480
Cash and cash equivalents at end of the financial period	<u>319,597</u>	<u>160,726</u>
Cash and cash equivalents at the end of the financial period comprises the following:-		
Cash and bank balances	318,534	158,336
Fixed deposits with licensed banks	2,590	2,658
	<u>321,124</u>	<u>160,994</u>
Less: Fixed deposit pledged to licensed bank	(1,527)	(268)
	<u>319,597</u>	<u>160,726</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
NOTES TO THE INTERIM FINANCIAL REPORT

A1. CORPORATE INFORMATION

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

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

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

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

A2. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2022.

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 2022 except as follows:

On 1 January 2023, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2023:

Description	Effective for annual financial periods beginning on or after
MFRS 17 Insurance Contracts ("MFRS 17") and Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 112 Income Taxes	1 January 2023

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

The standards, amendments to standards and IC Interpretation that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below:

Description	Effective for annual financial periods beginning on or after
MFRS 16: Lease Liability in a Sale and Leaseback (Amendments to MFRS 16)	1 January 2024
MFRS 101: Non-current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	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 2023. 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
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 period under review.

A6. CHANGES IN ESTIMATES

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

A7. CHANGES IN COMPOSITION OF THE GROUP

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
NOTES TO THE INTERIM FINANCIAL REPORT

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 period ended 31 March 2023 and period up to the date of this announcement.

A9. DIVIDEND PAID

There was no dividend paid during the financial period ended 31 March 2023.

A10. SEGMENT REPORT

Segmental analysis for the financial period ended 31 March 2023 is as follows:

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
For the three months ended 31 March 2023			
Convenience stores	655,852	-	655,852
Pharmaceutical	320,938	-	320,938
Others	130	113	243
Inter-segment elimination	-	(113)	(113)
	<u>976,920</u>	<u>-</u>	<u>976,920</u>
For the three months ended 31 March 2022			
Convenience stores	523,874	-	523,874
Pharmaceutical	316,053	-	316,053
Others	48	170	218
Inter-segment elimination	-	(170)	(170)
	<u>839,975</u>	<u>-</u>	<u>839,975</u>

Results	CUMULATIVE QUARTER	
	3 months ended 31.03.2023 RM'000	31.03.2022 RM'000
Convenience stores	34,540	34,501
Pharmaceutical	8,715	26,017
Others	95	734
	<u>43,350</u>	<u>61,252</u>
Interest income	1,527	636
Profit from operations	44,877	61,888
Finance costs	(17,259)	(16,225)
Share of results of joint ventures	(1,501)	-
Profit before tax	26,117	45,663
Income tax expense	(9,397)	(14,453)
Net profit for the year	16,720	31,210

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
NOTES TO THE INTERIM FINANCIAL REPORT

A11. PROPERTY, PLANT AND EQUIPMENT

During the 3 months ended 31 March, the Group acquired assets at costs of RM33.4 million (2022 : RM17.0 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER 3 months ended	
		31.03.2023 RM'000	31.03.2022 RM'000
With subsidiaries company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia" or "7EMSB")	Advances (to) / from 7EMSB	(29,553)	608
	Interest income on advances to 7EMSB	983	407
Convenience Shopping (Sabah) Sdn Bhd ("CSSSB")	Repayment from CSSSB	30,000	-
	Interest income on advances to CSSSB	5,381	4,393
With companies in which TSVT is deemed interested*			
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	2,174	2,240
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	(42,262)	(35,879)
	Receipts of payment from U Mobile for advertisement placement fees	2,733	2,381
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	(2,004)	(1,519)
Berjaya Food Trading Sdn Bhd ("B Food")	Payment to B Food for purchase of beverages	(218)	(2,456)
Berjaya Times Square Sdn. Bhd. ("Berjaya Times Square")	Payment to BTSB for rental of property	(326)	(250)
Nural Enterprise Sdn Bhd ("Nural")	Payments to Nural for rental of property	(519)	(513)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
NOTES TO THE INTERIM FINANCIAL REPORT

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 3 months ended	
		31.03.2023 RM'000	31.03.2022 RM'000
With companies in which TSVT is deemed interested*			
Sun Media Corporation Sdn Bhd ("Sun Media")	Display fees from placement of The Sun newspaper in 7-Eleven's stores	90	90
Razer Fintech Holdings Pte. Ltd. and its subsidiary companies ("Razer")	Receipts of commission from Razer for in-store services	10,388	8,455
	Payments to Razer for transaction values for in-store services	(1,165,545)	(951,490)
	Receipts of transaction values from Razer for e-wallet transactions	116,498	80,623
With companies in which Director of a subsidiary is deemed interested			
Bioscenergy International Sdn. Bhd. ("BIO")	Purchase of healthcare products by Caring	(1,257)	(1,035)

A13. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM10,039,464 (31 December 2022: RM10,122,912) as security deposits in favour of various government and statutory bodies, and private companies.

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

A14. CAPITAL COMMITMENTS

	The Group	
	Unaudited As at 31.03.2023 RM'000	Audited As at 31.12.2022 RM'000
Property, plant and equipment		
- approved and contracted for	19,649	10,595
- approved but not contracted for	198,437	237,611
	<u>218,086</u>	<u>248,206</u>

A15. SUBSEQUENT EVENT

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
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

RM'000	1Q23	1Q22	Variance	%
Revenue:				
Convenience stores	655,982	523,922	132,060	25.2%
Pharmaceutical	320,938	316,053	4,885	1.5%
Total	976,920	839,975	136,945	16.3%
Core profit:				
Convenience stores	17,003	16,589	414	2.5%
Pharmaceutical	4,554	19,740	(15,186)	-76.9%
Total	21,557	36,329	(14,772)	-40.7%
Corporate exercise expenses	(4,837)	(5,119)	282	
PAT	16,720	31,210	(14,490)	-46.4%

The Group registered Revenue of RM976.9m, an increase of RM136.9m or +16.3%, whilst Core profit declined by RM14.8m or -40.7% to RM21.6m for the current quarter, mainly due to lower profit generated by the Pharmaceutical segment.

The Convenience Stores segment recorded higher APSD and customer count as consumer spending and trading activities remained buoyant in the current quarter, leading to a positive SSSG of +22.2%. In this regard, Revenue increased by RM132.1m or +25.2% higher as compared to previous year corresponding quarter. Notably, Revenue across all product categories grew in the current quarter, resulting in higher Gross Profit by RM38.3m or +23.3% to RM202.5m.

Operating Expenses increased by RM40.2m or +24.6%, driven by higher store operation related expenses vis-a-vis longer operating hours and minimum wage effect. In comparison, during the corresponding quarter last year we had received subsidies from the government and rental waivers of RM3.6m. Excluding corporate exercise expenses, the Convenience Store segment recorded a Core Profit After Tax of RM17.0m, an increase of RM0.4m or +2.5% as compared to previous year corresponding quarter.

We had in the current quarter, successfully rolled-out 28 new 7-Café store format, bringing a total count of 116 7-Café stores for the period ended 31 March 2023. It is encouraging to note that these 7-Cafés are more productive and have higher fresh food sales participation as compared to a classic store. Total store count stood at 2,493 stores, a net increase of +21 stores.

The Pharmaceutical segment recorded a Revenue of RM320.9m for the current quarter, an increase of RM4.9m or +1.5% driven by new stores sales contribution. However, Gross Profit margins declined from 21.6% to 19.4% mainly due to (a) Significantly lower offtake of COVID related items (i.e. test-kits, face mask, sanitizers etc) in the current quarter, which also carries relatively higher product margins; and (b) Lower sales productivity of newly acquired stores during the refurbishment/rebranding period. Accordingly, Core Profit for the segment closed at RM4.6m, a decline of RM15.2m or -76.9% as compared to previous year corresponding quarter. Total store count stood at 236 stores, a net increase of +16 stores.

Corporate exercise expenses of RM4.8m primarily consists of finance costs for the acquisition of Caring Group. The Group's Consolidated Profit after Tax for the current quarter after corporate exercise expenses is reported at RM16.7m, a decline of RM14.5m or -46.4%.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

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

The Group recorded a higher Profit before Tax for the first quarter by RM14.0m or +115.7% against the immediate preceding quarter mainly due to lower staff related costs and IT maintenance expenses in the current quarter.

B3. PROSPECTS

Notwithstanding the continued positive turnaround in trading conditions and retail sentiment, the Group is cognisant and will remain steadfast in monitoring potential headwinds arising from global supply chain disruptions, workforce supply constraints and cost pressures on the back of an increase in minimum wages, rising interest rates and inflation; essentially, we will take appropriate measures to mitigate these impacts, as necessary.

The Convenience Store segment will continue to focus on the roll-out of its 7-Café store format, which entails improved product offerings and in-store customer experience. The 7-Café format is expected to contribute positively to the growth of our fresh food category. We will also continue our efforts to enhance our product assortment, fresh food and private labels to drive stronger sales mix for margin improvement.

Additionally, we plan to complete the construction of our new fresh food commissary in the current financial year, which has a capacity to serve up to 1,000 stores in Klang Valley. With better equipment/machines aiding automation of key processes at this new facility (i.e. prepping, cooking, packing etc.), we envisage to elevate the quality and consistency of our fresh food offerings to our customers.

The Pharmaceutical segment, which had shown much resilience over the pandemic and will continue to strengthen its market share together with The Pill House and Wellings group. At the date of this report, Wellings had successfully opened sixteen (16) stores in Indonesia via our joint venture with PT Era Caring Indonesia. More importantly, we have put in place plans to improve our sales mix to protect Gross Margins, alongside stringent cost control initiatives to mitigate potential downside risks to the segment's profitability for the year-to-go.

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.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B5. PROFIT FROM OPERATIONS

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

	CUMULATIVE QUARTER	
	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Amortisation of intangible assets	1,122	1,129
Amortisation of right of use	33,057	27,110
Bad debts written off	34	58
Depreciation of property, plant and equipment	18,961	16,806
Dividend income	(300)	(30)
Loss/(Gain) on foreign exchange translation differences	7	(43)
Impairment loss on:		
- Property, plant and equipment	-	10
- Receivables	-	500
Interest income	(1,483)	(636)
Loss/(Gain) on disposal of property, plant and equipment	367	(419)
Property, plant and equipment written off	1,395	355
Provision for and write off of inventories	<u>7,854</u>	<u>2,990</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, 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 March 2023.

B6. TAXATION

	CUMULATIVE QUARTER	
	3 months ended	
	31.03.2023	31.03.2022
	RM'000	RM'000
Income tax:		
Current period provision	9,717	14,993
Deferred tax:		
Relating to reversal of temporary differences	(320)	(540)
	<u>9,397</u>	<u>14,453</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 March 2023 were lower than the Malaysian's statutory tax rate mainly due to certain expenses not deductible under tax legislation.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

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 March 2023 are as follows: -

	Unaudited As at 31.03.2023 RM'000	Audited As at 31.12.2022 RM'000
Short term borrowings		
Secured:		
Term loan	234	12,066
Unsecured:		
Bankers' acceptances	26,400	5,500
Term loan	18,174	-
Revolving credit	70,000	60,000
	<u>114,808</u>	<u>77,566</u>
Long term borrowings		
Secured:		
Term loan	313	43,476
Unsecured:		
Medium term notes	600,000	600,000
Term loan	41,471	-
	<u>641,784</u>	<u>643,476</u>
Total borrowings		
Bankers' acceptances	26,400	5,500
Medium term notes	600,000	600,000
Term loan	60,192	55,542
Revolving credit	70,000	60,000
	<u>756,592</u>	<u>721,042</u>

B9. MATERIAL LITIGATION

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

B10. DIVIDEND

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

B11. EARNINGS PER SHARE

	CUMULATIVE QUARTER 3 months ended	
	31.03.2023	31.03.2022
Net profit attributable to equity holders of the company (RM'000)	15,675	24,375
Weighted average number of ordinary shares in issue ('000)	1,110,047	1,126,320
Basic/diluted earnings per ordinary share (sen)	<u>1.41</u>	<u>2.16</u>

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

B12. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not qualified.