

7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

Date : 27 February 2015

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	481,124	422,201	1,893,104	1,672,465
Cost of sales	(336,274)	(302,974)	(1,348,605)	(1,205,364)
Gross profit	144,850	119,227	544,499	467,101
Other operating income	35,540	33,820	123,858	116,531
Selling and distribution expenses	(133,224)	(113,635)	(496,649)	(435,443)
Administrative and other operating expenses	(21,383)	(20,670)	(78,682)	(74,279)
Profit from operations	25,783	18,742	93,026	73,910
Finance costs	(154)	(1,868)	(3,724)	(8,646)
Profit before tax	25,629	16,874	89,302	65,264
Income tax expense	(7,713)	(6,402)	(26,228)	(21,163)
Profit after tax, representing total comprehensive income for the period/year	17,916	10,472	63,074	44,101
Attributable to:				
Equity holders of the Company	17,916	10,472	63,074	44,101
Earnings per ordinary share (Note B12)				
- Basic/diluted (sen)	1.45	1.00	5.44	4.19

Notes:

- (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") 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.*
- (2) *The condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.*

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	As at 31.12.2014	As at 31.12.2013 ^{(2) (3)}
	Unaudited RM'000	Unaudited RM'000
Assets		
Non-current assets		
Property, plant and equipment	242,247	194,787
Investment property	222	229
Intangible assets	11,499	596
Other investments	1	1
	253,969	195,613
Current assets		
Inventories	146,159	133,025
Sundry receivables	85,219	109,312
Deferred expenditure	-	1,195
Tax recoverable	2,234	1,364
Cash and bank balances	244,366	47,840
	477,978	292,736
Total assets	731,947	488,349
Equity and liabilities		
Capital and reserves attributable to equity holders of the Company		
Share capital	123,338	105,200
Share premium	1,361,800	1,136,160
Retained profits	94,319	31,245
Capital reorganisation reserve	(1,343,248)	(1,343,248)
Total equity/(deficit)	236,209	(70,643)
Non-current liabilities		
Provisions	5,390	4,936
Borrowings	2,061	6,005
Deferred tax liability	8,003	8,423
	15,454	19,364
Current liabilities		
Provisions	609	311
Borrowings	5,355	119,592
Trade payables	367,502	321,949
Other payables	106,661	97,757
Taxation	157	19
	480,284	539,628
Total liabilities	495,738	558,992
Total equity and liabilities	731,947	488,349
Net assets/(liabilities) per share attributable to ordinary equity holders of the parent (sen) ⁽⁴⁾		
	19.15	(6.72)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

Notes:

- (1) *The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Accountants' Report for the financial year ended 31 December 2013 as disclosed in Section 10 of the Prospectus of the Company dated 8 May 2014 (pursuant to the Initial Public Offering ("IPO") exercise of 7-Eleven Malaysia Holdings) and the accompanying explanatory notes which form an integral part of this interim financial report.*
- (2) *The comparative figures are presented for illustrative purpose only using the accounting method described in item (3) below.*
- (3) *The acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia by 7-Eleven Malaysia Holdings is a reorganisation and does not result in any change of economic substance. Accordingly, the consolidated statements of financial position of 7-Eleven Malaysia Holdings is a continuation of 7-Eleven Malaysia Group and is accounted for as follows:*
 - a. *The results of entities are presented as if the reorganisation had been effected throughout from the beginning of the earliest period presented;*
 - b. *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;*
 - c. *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.*
- (4) *Based on number of shares in issue.*

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Group	<u>Attributable to Equity Holders of the Company</u>				
	← Non-distributable →			Distributable	
	Share capital RM'000	Share premium RM'000	Capital reorganisation reserve RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 January 2013	-	-	-	104,644	104,644
Total comprehensive income	-	-	-	44,101	44,101
Transactions with owner					
Effect arising from the reorganisation following the acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia by 7-Eleven Malaysia Holdings	105,200	1,136,160	(1,343,248)	-	(101,888)
Dividends on ordinary shares	-	-	-	(117,500)	(117,500)
At 31 December 2013	<u>105,200</u>	<u>1,136,160</u>	<u>(1,343,248)</u>	<u>31,245</u>	<u>(70,643)</u>
At 1 January 2014	105,200	1,136,160	(1,343,248)	31,245	(70,643)
Total comprehensive income	-	-	-	63,074	63,074
Transactions with owners					
Public issue of shares	18,138	232,173	-	-	250,311
Share issue expenses	-	(6,533)	-	-	(6,533)
At 31 December 2014	<u>123,338</u>	<u>1,361,800</u>	<u>(1,343,248)</u>	<u>94,319</u>	<u>236,209</u>

Notes:

- (1) *The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Accountants' Report for the financial year ended 31 December 2013 as disclosed in Section 10 of the Prospectus of the Company dated 8 May 2014 and the accompanying explanatory notes which form an integral part of this interim financial report.*
- (2) *The acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia by 7-Eleven Malaysia Holdings is a reorganisation and does not result in any change of economic substance. Accordingly, the consolidated statements of financial position of 7-Eleven Malaysia Holdings is a continuation of 7-Eleven Malaysia Group and is accounted for as follows:*
 - a. *The results of entities are presented as if the reorganisation had been effected throughout from the beginning of the earliest period presented;*
 - b. *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;*
 - c. *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.*
- (3) *Listing expenses for the issue of the new shares amounting to RM6.73 million were written off against the share premium account under Section 60 of the Companies Act, 1965.*

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CUMULATIVE QUARTER	
	12 months ended	
	31.12.2014	31.12.2013
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	2,016,706	1,775,043
Cash paid to suppliers and employees	(1,890,611)	(1,665,347)
Cash generated from operations	126,095	109,696
Interest paid	(3,724)	(8,646)
Tax paid	(27,380)	(24,517)
Net cash generated from operating activities	94,991	76,533
Cash flows from investing activities		
Purchase of property, plant and equipment	(60,043)	(41,722)
Purchase of intangible assets	(9,138)	-
Proceeds from disposal of property, plant and equipment	47	282
Repayment from intercompany (net)	43,151	85,690
Dividend income received	-	36
Interest received	3,955	569
Net cash (used in)/generated from investing activities	(22,028)	44,855
Cash flows from financing activities		
Dividends paid on ordinary shares	-	(117,500)
Proceeds from issuance of shares pursuant to the IPO exercise	250,311	-
Payment of initial public offering exercise expenses	(6,533)	-
Proceeds from bankers' acceptances	191,952	576,725
Repayment of bankers' acceptances	(303,452)	(554,725)
Repayment of term loans	(2,180)	(2,708)
Repayment of hire purchase and finance lease liabilities	(6,535)	(7,583)
Net cash generated from/(used in) financing activities	123,563	(105,791)
Net increase in cash and cash equivalents	196,526	15,597
Cash and cash equivalents at beginning of the year	47,840	32,243
Cash and cash equivalents at end of the year	244,366	47,840
Cash and cash equivalents at the end of the financial year comprises the following:-		
Cash and bank balances	57,255	47,505
Fixed deposits with licensed banks	187,111	335
	244,366	47,840

Notes:

(1) *The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Accountants' Report for the financial year ended 31 December 2013 as disclosed in Section 10 of the Prospectus of the Company dated 8 May 2014 (pursuant to the Initial Public Offering ("IPO") exercise) and the accompanying explanatory notes which form an integral part of this interim financial report.*

(2) *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") 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.*

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
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 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 acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia by 7-Eleven Malaysia Holdings is a reorganisation and does not result in any change of economic substance. Accordingly, the consolidated statements of financial position of 7-Eleven Malaysia Holdings is a continuation of 7-Eleven Malaysia Group and is accounted for as follows:

- a. *The results of entities are presented as if the reorganisation had been effected throughout from the beginning of the earliest period presented;*
- b. *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;*
- c. *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.*

The interim financial report is presented in Ringgit Malaysia ("RM") and all values are rounded to nearest thousand ("RM'000") except when otherwise indicated.

A3. CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the preparation of the interim report are same with those adopted as disclosed in the Accountants' Report in the prospectus of the Company dated 8 May 2014 except for the adoption of the new standards and interpretation which are mandatory for the annual financial period beginning on or after 1 January 2014, noted below:

Amendments to MFRS 132	: Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10,	
 MFRS 12 and MFRS 127	: Investment Entities
Amendments to MFRS 136	: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	: Levies

The adoption of the above amended MFRSs and IC Interpretation will not have any significant impact on the financial position and performance of the Group.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
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, 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 other than the Initial Public Offering ("IPO") exercise as disclosed in Note A8.

A6. CHANGE 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

In conjunction with and as an intergral part of the Company's listing on the Main Market of Bursa Securities, the following was undertaken by the Company:

(i) Pre-IPO Reorganisation

The Pre-IPO Reorganisation involved the acquisition of 35,000,000 ordinary shares of RM1.00 each in 7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia") by the Company, representing the entire issued and paid-up capital of 7-Eleven Malaysia from Berjaya Retail Berhad ("BRetail") for a purchase consideration of RM1,378,247,497, which was satisfied by the issuance of 1,051,999,980 new Shares at the issue price of RM1.18 per Share and a promissory note issued and delivered as part-payment by the Company of the purchase consideration for the Pre-IPO Reorganisation to BRetail, under which the Company promised to pay BRetail or to order the sum of RM136,887,521 on demand.

The acquisition was completed on 2 April 2014.

(ii) Initial Public Offering ("IPO")

(a) An offer for sale of up to 348,940,000 existing shares ("Offer for Sale") and public issue of 181,385,000 new shares ("Public Issue") at an IPO price of RM1.38 per share involving:

- i. institutional offering of up to 490,780,000 shares to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by the Ministry of International Trade and Industry; and
- ii. retail offering of 39,545,000 shares to eligible directors and employees of the Group and the Malaysian public.

(b) Listing and quotation for its enlarged and paid up share capital, comprising 1,233,385,000 shares, on the Main Market of Bursa Securities.

The Company's entire enlarged and paid up share capital comprising 1,233,385,000 shares were listed on the Main Market of Bursa Securities on 30 May 2014.

Upon the completion of the Pre-IPO Reorganisation mentioned in item (i) above, 7-Eleven Malaysia and its subsidiaries became a wholly-owned subsidiary of the Company.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
NOTES TO THE INTERIM FINANCIAL REPORT

A8. DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debts 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 2014 except for the following:-

- (a) On 2 April 2014, the Company issued 1,059,999,980 new ordinary shares of RM0.10 each as part of the consideration for the acquisition of the entire paid-up share capital of 7-Eleven Malaysia Sdn. Bhd.
- (b) On 2 April 2014, the Company issued a promissory note ("Note") amounting to RM136,887,521 in favour of BRetail. Upon receipt of the Note, BRetail had indorsed without recourse such Note in favour of 7-Eleven Malaysia and delivered the Note duly indorsed to 7-Eleven Malaysia in full settlement of the amount owed by BRetail to 7-Eleven Malaysia, to the extent of the sum of RM136,887,521.
- (c) On 28 May 2014, the Company issued 181,385,000 new ordinary shares of RM0.10 each to the public as part of its listing and quotation for its enlarged and paid up share capital, comprising 1,233,385,000 shares, on the Main Market of Bursa Securities.

A9. DIVIDEND PAID

There was no dividend paid by the Company during the period under review.

A10. SEGMENT REPORT

Segmental analysis for the financial period ended 31 December 2014 is as follows:

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
For the twelve months ended 31 December 2014			
Convenience stores	1,892,813	-	1,892,813
Others	291	697	988
Inter-segment elimination	-	(697)	(697)
	1,893,104	-	1,893,104
For the twelve months ended 31 December 2013			
Convenience stores	1,672,216	-	1,672,216
Others	249	704	953
Inter-segment elimination	-	(704)	(704)
	1,672,465	-	1,672,465
CUMULATIVE QUARTER			
12 months ended			
	31.12.2014	31.12.2013	
Results	RM'000	RM'000	
Convenience stores	84,684	66,514	
Others	158	(7,638)	
	84,842	58,876	
Interest income	8,184	15,034	
Profit from operations	93,026	73,910	
Finance costs	(3,724)	(8,646)	
Profit before tax	89,302	65,264	
Income tax expense	(26,228)	(21,163)	
Net profit for the period	63,074	44,101	

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
NOTES TO THE INTERIM FINANCIAL REPORT

A11. PROPERTY, PLANT AND EQUIPMENT

During the twelve months ended 31 December 2014, the Group acquired assets at costs of RM86.5 million (2013 : RM63.8 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

A12. INTANGIBLE ASSETS

Intangible assets comprised of goodwill on consolidation of RM596,000 (2013 : RM596,000) and computer software-in-development of RM10,903,000 (2013 : RMNil) . The capital expenditure for computer software-in-development was incurred during the twelve months ended 31 December 2014.

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transactions	CUMULATIVE QUARTER 12 months ended	
		31.12.2014 RM'000	31.12.2013 RM'000
With immediate holding company*			
Berjaya Retail Berhad	Intercompany repayment to 7-Eleven Malaysia from BRetail, net	43,151	-
	Intercompany advances from 7-Eleven Malaysia to BRetail, net	-	19,115
	Interest income on advances to BRetail	3,303	14,465
	Interest expense on advances from BRetail	182	2,052
	Dividend paid	-	117,500
	Purchase consideration paid for the acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia from BRetail.	1,378,247	-
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With a subsidiary company*			
7-Eleven Malaysia Sdn Bhd	Intercompany repayment to 7-Eleven Malaysia from 7-Eleven Malaysia Holdings, net	810	5,267
	Interest expense on advances from 7-Eleven Malaysia	490	77
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* 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transactions	CUMULATIVE QUARTER 12 months ended	
		31.12.2014 RM'000	31.12.2013 RM'000
With companies in which TSVT is deemed interested			
MOL AccessPortal Sdn. Bhd. ("MOL")	Receipt of payment from MOL for commission for sale of mobile phone reloads and online games	20,484	20,278
	Payment to MOL for reload transaction values for in-store services for sale of mobile phone reloads and online games	462,548	437,072
U Mobile Sdn. Bhd. ("U Mobile")	Receipt of payment from U Mobile for commission for sale of mobile phone reloads	8,189	5,943
	Payment to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	128,298	93,113
	Receipt of payment from U Mobile for advertisement placing fees	3,998	4,301
Kakao Malaysia Sdn. Bhd. ("Kakao")	Receipt of payment from Kakao for advertisement placing fees	1,400	600
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipt of up-front fee from BChannel for advertisement placing fees	-	1,250
	Receipt of payment from BChannel for advertisement placing fees	1,500	250
Prime Credit Leasing Sdn. Bhd.	Leasing facility for point-of-sales computer system:		
	- Drawdown	2,034	4,429
	- Lease interest	641	638
Securexpress Services Sdn. Bhd. ("Securexpress")	Payment to Securexpress for fees relating to the delivery of merchandise to stores	13,085	12,477
	Payment to Securexpress for rental of property	57	48

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014
NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transactions	CUMULATIVE QUARTER 12 months ended	
		31.12.2014 RM'000	31.12.2013 RM'000
With companies in which TSVT is deemed interested			
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payment to Berjaya Sompo for insurance premium	1,146	963
Nural Enterprise Sdn. Bhd. ("Nural")	Payment to Nural for rental of property	1,909	1,806
Berjaya Times Square Sdn. Bhd. ("BTS")	Payment to BTS for rental of property	991	682

A14. CONTINGENT LIABILITIES

(a) Wrongful termination of tenancy agreement

Reference is made to the material litigation as stated in the Prospectus of the Company dated 8 May 2014 wherein on 5 March 2012, 7-Eleven Malaysia Sdn. Bhd. ("7-Eleven Malaysia" or "Plaintiff") commenced a suit against Shell Malaysia Trading Sdn. Bhd. ("Shell Malaysia" or "Defendant") in relation to a dispute concerning whether there was a valid and binding master tenancy agreement between the parties for the tenancy of 34 "7-Eleven" convenience stores operated at various Shell petrol stations in Malaysia ("34 sites").

7-Eleven Malaysia and Shell Malaysia have achieved a full and final global settlement of the claim and counterclaim therein on a "without admission of liability basis" and a consent judgement has been filed in the High Court in relation to the above suit on 15 October 2014 on terms, inter alia, that will allow 7-Eleven Malaysia to continue to occupy the 34 sites at the existing rental rates until June 2016 subject however to a progressive handover of the sites back to Shell Malaysia commencing July 2015.

In view of the settlement, the Group is no longer required to provide for double rental for the 34 sites. As such, the total liability as provided for outstanding rental as at 31 December 2014 amounted to RM Nil (As at 31 December 2013 : RM5,730,208 based on double rental).

(b) The Group has bank guarantees amounting to RM7,014,755 (31 December 2013: RM7,307,985) 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 2014
NOTES TO THE INTERIM FINANCIAL REPORT

A15. CAPITAL COMMITMENTS

	Group	
	As at	As at
	31.12.2014	31.12.2013
	Unaudited	Audited
	RM'000	RM'000
Approved and contracted for		
- property, plant and equipment	35,690	3,864
- intangible assets	14,100	-
	<u>49,790</u>	<u>3,864</u>
Approved but not contracted for		
- property, plant and equipment	126,070	184,790
- intangible assets	4,000	-
	<u>130,070</u>	<u>184,790</u>
	<u>179,860</u>	<u>188,654</u>

A16. SUBSEQUENT EVENT

On 15 December 2014, the Board of Directors of 7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia") approved the Business and Asset Sale Agreement ("the said Agreement") to be entered into between 7-Eleven Malaysia and its wholly-owned subsidiary, Convenience Shopping (Sabah) Sdn Bhd ("CSSSB") for the purpose of the acquisition of the convenience stores under the "7-Eleven" brand name operated in Sabah, Malaysia ("the Business"). The intent and purpose of the said Agreement is to streamline and reorganise its operations and business.

The tangible assets forming part and parcel of the Business from CSSSB as the total purchase consideration equivalent to the net book value of the Business (including assets) as at 31 December 2014 (based on the audited financial statement of 7-Eleven Malaysia for the financial year ending 31 December 2014), upon the terms and conditions as stipulated in the said Agreement.

The said Agreement was entered into between 7-Eleven and CSSSB on 26 December 2014 and completed on 1 January 2015.

There were no other significant events other than the event stated above 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 2014
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B1. REVIEW OF THE PERFORMANCE OF THE GROUP

Review of Current Quarter Performance

The Group's revenue for the current quarter of RM481.1 million grew by RM58.9 million or 14.0% against the corresponding quarter's revenue in the previous year of RM422.2 million. The growth in revenue was driven by the growth in new stores, improved merchandise mix and consumer promotion activity.

Gross profit improved by RM25.6 million or 21.5% compared to the corresponding quarter in the previous year and this was mainly attributed to the revenue growth of 14.0% and gross profit margin expansion of 1.9% points. Other operating income grew by 5.1% compared to the corresponding quarter in the previous year.

Selling and distribution expenses for the quarter increased by RM19.6 million or 17.2%, mainly caused by higher staff cost and utilities cost. Staff cost increased by RM8.9 million or 21.8% and utilities cost increased by RM6.2 million or 32.7%.

The growth in profit before tax of 51.9% or RM8.8 million was driven mainly by the sales growth, gross profit margin expansion, growth in other operating income and lower administrative and other operating expenses as a percentage of 4.4% from 4.9% in the corresponding quarter in the previous year.

Review of 12 months period Performance

For the 12 months ended 31 December 2014, the Group's revenue of RM1.89 billion grew RM220.6 million or 13.2% against the corresponding 12 months' revenue in the previous year of RM1.67 billion. The growth in revenue was driven by the growth in new stores (total stores as at 31 December 2014: 1,745 stores) and same store sales growth of 4.7%.

Gross profit improved by RM77.4 mil or 16.6% compared to the corresponding 12 months in the previous year and this was mainly attributed to the revenue growth of 13.2% and gross profit margin expansion of 0.8% points. Other operating income grew by 6.3% compared to the corresponding 12 months in the previous year.

Selling and distribution expenses for the 12 months in 2014 increased by RM61.2 million or 14.1% mainly caused by higher staff costs (store expansion) and utilities costs.

Administrative and other operating expenses for the 12 months in 2014 increased by RM4.4 million or 5.9%, but declined as a percentage of sales to 4.2% from 4.4% in the corresponding 12 months in the previous year.

The growth in profit before tax of 36.8% or RM24.0 million was mainly driven by the sales growth, gross profit margin expansion and growth in other operating income which was partially offset by the increase in selling, distribution, administrative and other operating expenses in line with 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 for the fourth quarter was RM25.6 million, an increase of RM1.6 million or 6.8% over the third quarter profit before tax of RM24.0 million. The increase was mainly due to growth in other operating income and gross profit margin expansion of 1.4% points.

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B3. PROSPECTS

The Board of Directors is of the view that the performance for the next quarter will be satisfactory with the Group's principal goals to further strengthen and consolidate the Group's position as the leading convenience store operator in Malaysia as well as improve the Group's sales productivity and operating efficiency.

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.

B5. PROFIT FROM OPERATIONS

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

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Interest income	(1,724)	(3,055)	(8,184)	(15,034)
Dividend income from quoted investment	-	-	-	(36)
Depreciation of property, plant and equipment	11,323	7,798	38,189	31,847
Adjustment of over provision for depreciation	-	-	-	(1,560)
Write back of double rental no longer required	-	-	(3,807)	-
Over provision of IPO and listing expenses in respect of prior year	-	-	(2,261)	-
Amortisation charge for investment property	2	2	7	7
Property, plant and equipment written off	443	176	938	179
Provision for and write off/(write back) of inventories	(106)	109	(106)	277
Provision for and write off of receivables	108	-	35	305
Impairment loss on sundry receivables	157	1,151	62	1,316
Net gain on disposal of property, plant and equipment	(7)	(163)	(47)	(262)
Loss on foreign exchange translation differences	19	20	50	63

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 year ended 31 December 2014.

B6. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Income tax:				
Current period provision	8,133	5,703	26,641	19,853
Under/(over) provision in prior year	-	-	7	(159)
	<u>8,133</u>	<u>5,703</u>	<u>26,648</u>	<u>19,694</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(134)	755	(134)	1,361
Under/(over) provision in prior year	(286)	(56)	(286)	108
	<u>(420)</u>	<u>699</u>	<u>(420)</u>	<u>1,469</u>
	<u>7,713</u>	<u>6,402</u>	<u>26,228</u>	<u>21,163</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 2014 were higher than the Malaysian's statutory tax rate mainly due to the 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. 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 RM'000	Actual utilisation at the date of this report RM'000	Deviation RM'000	Balance RM'000	Estimated time frame for utilisation
i. Capital expenditure	184,790	73,052	-	111,738	Within 36 months
ii. Working capital	42,664	51,820	(9,156)	-	Within 36 months. Note 1
iii. Estimated fees and expenses for the IPO and listing exercise	22,857	13,701	9,156		Note 1
Total gross proceeds	250,311	138,573	-	111,738	

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.

B9. GROUP BORROWINGS

The Group borrowings which is denominated in Ringgit Malaysia ("RM") as at 31 December 2014 are as follows: -

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Short term borrowings		
Secured:		
Term loans	819	2,180
Hire purchase and finance lease liabilities	4,536	5,912
	<u>5,355</u>	<u>8,092</u>
Unsecured:		
Bankers' acceptances	-	111,500
	<u>5,355</u>	<u>119,592</u>
Long term borrowings		
Secured:		
Term loans	-	819
Hire purchase and finance lease liabilities	2,061	5,186
	<u>2,061</u>	<u>6,005</u>
Total borrowings		
Term loans	819	2,999
Bankers' acceptances	-	111,500
Hire purchase and finance lease liabilities	6,597	11,098
	<u>7,416</u>	<u>125,597</u>

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B10. CHANGES IN MATERIAL LITIGATION

The changes in material litigations for the current financial period to date has been disclosed in Note A14.

B11. DIVIDEND

The Board of Directors has declared an interim single tier dividend of 2.5 sen per ordinary share (previous year corresponding quarter ended 31 December 2013 : nil) and a special single tier dividend of 2.6 sen per ordinary share (previous year corresponding quarter ended 31 December 2013 : nil) in respect of the financial year ended 31 December 2014, which will be paid on 31 March 2015. The entitlement date is on 17 March 2015.

Total dividend declared in respect of the financial year ended 31 December 2014 was 5.1 sen per ordinary share, 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 2014 is approximately RM62.9 million, representing approximately 100% of the attributable profit of the Group for the financial year ended 31 December 2014.

B12. EARNINGS PER SHARE

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net profit attributable to ordinary shares (RM'000)	17,916	10,472	63,074	44,101
Weighted average number of ordinary shares in issue ('000)*	1,233,385	1,052,000	1,160,334	1,052,000
Basic/diluted earnings per ordinary share (sen)	1.45	1.00	5.44	4.19

Notes:

* Based on the entire issued and paid-up capital of 7-Eleven Malaysia Holdings, after the completion of the Acquisitions as detailed in Note A7(i) and the Public Issue as detailed in Note A7(ii).

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

B13. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 31 December 2014 and 31 December 2013 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.

	As at	As at
	31.12.2014	31.12.2013
	RM'000	RM'000
Total retained profits of the Group		
- Realised	102,322	42,533
- Unrealised	(8,003)	(11,288)
Total retained profits as per statement of changes in equity	94,319	31,245