

7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

Date : 29 August 2018

Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER
ENDED 30 JUNE 2018

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2018	Restated* 30.06.2017	30.06.2018	Restated* 30.06.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	557,633	555,213	1,093,321	1,077,741
Cost of sales	<u>(374,662)</u>	<u>(376,262)</u>	<u>(739,350)</u>	<u>(738,960)</u>
Gross profit	182,971	178,951	353,971	338,781
Other operating income	31,727	29,029	63,798	60,034
Selling and distribution expenses	(168,363)	(165,596)	(334,260)	(320,221)
Administrative and other operating expenses	<u>(25,454)</u>	<u>(26,172)</u>	<u>(48,029)</u>	<u>(49,820)</u>
Profit from operations	20,881	16,212	35,480	28,774
Finance costs	<u>(2,550)</u>	<u>(2,375)</u>	<u>(4,940)</u>	<u>(4,037)</u>
Profit before tax	18,331	13,837	30,540	24,737
Income tax expense	<u>(5,199)</u>	<u>(3,686)</u>	<u>(8,475)</u>	<u>(6,581)</u>
Profit after tax, representing total comprehensive income for the period	<u>13,132</u>	<u>10,151</u>	<u>22,065</u>	<u>18,156</u>
Profit attributable to:				
Equity holders of the Company	<u>13,132</u>	<u>10,151</u>	<u>22,065</u>	<u>18,156</u>
Basic/diluted earnings per ordinary share (sen) (Note B11)	<u>1.17</u>	<u>0.91</u>	<u>1.98</u>	<u>1.64</u>

* The last year corresponding quarter has been restated to effect the changes in regards to the retrospective fair value adjustments on the revaluation of investment property as per announcement dated 29 November 2017.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	The Group	
	Unaudited	Audited
	As at	As at
	30.06.2018	31.12.2017
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	337,213	350,404
Investment property	400	400
Intangible assets	33,187	35,298
Other investments	1	1
	<u>370,801</u>	<u>386,103</u>
Current assets		
Inventories	229,759	221,957
Sundry receivables	104,155	113,526
Tax recoverable	2,687	3,748
Cash and bank balances	68,890	69,634
	<u>405,491</u>	<u>408,865</u>
Total assets	<u>776,292</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	40,784	40,784
Retained profits	45,386	81,985
	<u>228,060</u>	<u>264,659</u>
Treasury shares	(161,941)	(190,625)
Total equity	<u>66,119</u>	<u>74,034</u>
Non-current liabilities		
Provisions	7,578	7,400
Borrowings	35,000	42,400
Deferred tax liabilities	16,010	19,436
	<u>58,588</u>	<u>69,236</u>
Current liabilities		
Provisions	235	277
Borrowings	136,300	143,619
Trade payables	392,827	392,617
Other payables	122,223	115,184
Taxation	-	1
	<u>651,585</u>	<u>651,698</u>
Total liabilities	<u>710,173</u>	<u>720,934</u>
Total equity and liabilities	<u>776,292</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>5.92</u>	<u>6.67</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 equity RM'000
At 1 January 2018	1,485,138	-	(190,625)	(1,343,248)	40,784	81,985	74,034
Total comprehensive income	-	-	-	-	-	22,065	22,065
Dividends on ordinary shares	-	-	28,684	-	-	(58,664)	(29,980)
At 30 June 2018	1,485,138	-	(161,941)	(1,343,248)	40,784	45,386	66,119
At 1 January 2017							
As restated	123,338	1,361,800	(190,625)	(1,343,248)	-	83,924	35,189
Transfer pursuant to S618(2) of CA 2016 *	1,361,800	(1,361,800)	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	18,156	18,156
Dividends on ordinary shares	-	-	-	-	-	(52,188)	(52,188)
At 30 June 2017	1,485,138	-	(190,625)	(1,343,248)	-	49,892	1,157

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 SECOND QUARTER ENDED 30 JUNE 2018
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE QUARTER	
	6 months ended	
	30.06.2018	30.06.2017
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	1,193,202	1,138,233
Cash paid to suppliers and employees	(1,115,296)	(1,098,216)
Cash generated from operations	77,906	40,017
Interest paid	(4,940)	(4,037)
Tax paid	(10,840)	(8,579)
Net cash generated from operating activities	<u>62,126</u>	<u>27,401</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,886)	(31,250)
Purchase of intangible assets	-	(3,706)
Proceeds from disposal of property, plant and equipment	167	95
Interest received	548	388
Net cash used in investing activities	<u>(18,171)</u>	<u>(34,473)</u>
Cash flows from financing activities		
Dividends paid on ordinary shares	(29,980)	(52,188)
Proceeds from bankers' acceptances	147,500	172,070
Proceeds from revolving credit	-	40,000
Proceeds from term loan	-	32,000
Repayment of bankers' acceptances	(156,800)	(157,283)
Repayment of term loans	(5,400)	(2,400)
Repayment of hire purchase and finance lease liabilities	(19)	(142)
Net cash (used in)/generated from financing activities	<u>(44,699)</u>	<u>32,057</u>
Net (decrease)/increase in cash and cash equivalents	(744)	24,985
Cash and cash equivalents at beginning of the financial quarter	69,634	49,450
Cash and cash equivalents at end of the financial quarter	<u>68,890</u>	<u>74,435</u>
Cash and cash equivalents at the end of the financial period comprises the following:-		
Cash and bank balances	62,987	72,732
Fixed deposits with licensed banks	5,903	1,703
	<u>68,890</u>	<u>74,435</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 SECOND QUARTER ENDED 30 JUNE 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 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

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"). Upon completion of the Proposed Acquisition, CDSB will become a 60% owned subsidiary of CSSSB.

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 30 June 2018 and period up to the date of this announcement.

A9. DIVIDEND PAID

During the financial period ended 30 June 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 30 June 2018 is as follows:

	External RM'000	Inter- segment RM'000	Total RM'000
Revenue			
For the six months ended 30 June 2018			
Convenience stores	1,093,181	-	1,093,181
Others	140	349	489
Inter-segment elimination	-	(349)	(349)
	1,093,321	-	1,093,321
For the six months ended 30 June 2017			
Convenience stores	1,077,598	-	1,077,598
Others	143	349	492
Inter-segment elimination	-	(349)	(349)
	1,077,741	-	1,077,741

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A10. SEGMENT REPORT (CONT'D)

	CUMULATIVE QUARTER	
	6 months ended	
	30.6.2018	Restated 30.6.2017
Results	RM'000	RM'000
Convenience stores	35,529	29,357
Others	(597)	(971)
	<hr/> 34,932	<hr/> 28,386
Interest income	548	388
Profit from operations	<hr/> 35,480	<hr/> 28,774
Finance costs	(4,940)	(4,037)
Profit before tax	<hr/> 30,540	<hr/> 24,737
Income tax expense	(8,475)	(6,581)
Net profit for the year	<hr/> 22,065	<hr/> 18,156

A11. PROPERTY, PLANT AND EQUIPMENT

During the 6 months ended 30 June 2018, the Group acquired assets at costs of RM18.9 million (2017 : RM31.2 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

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 SECOND QUARTER ENDED 30 JUNE 2018
 NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER	
		30.6.2018 RM'000	30.6.2017 RM'000
With a subsidiary company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Advances from/(to) 7-Eleven Malaysia	(25,556)	(6,873)
	Interest expense on advances from 7-Eleven Malaysia	2,174	2,232
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	14,225	13,743
	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	964,215	478,927
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	6,308	5,792
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	101,506	93,665
	Receipts of payment from U Mobile for advertisement placement fees	3,756	3,416
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipts of payment from BChannel for advertisement placement fees	25	25

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 6 months ended	
		30.6.2018 RM'000	30.6.2017 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	528	401
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	<u>360</u>	<u>360</u>
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	<u>4,905</u>	<u>5,893</u>
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payments to Berjaya Sompo for insurance premium	<u>1,542</u>	<u>2,448</u>
Nural Enterprise Sdn. Bhd. ("Nural")	Payments to Nural for rental of property	<u>665</u>	<u>691</u>
Berjaya Times Square Sdn. Bhd. ("BTS")	Payments to BTS for rental of property	<u>323</u>	<u>280</u>

A14. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM10,054,878 (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 SECOND QUARTER ENDED 30 JUNE 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A15. CAPITAL COMMITMENTS

	The Group	
	Unaudited	Audited
	As at	As at
	30.6.2018	31.12.2017
	RM'000	RM'000
Approved and contracted for		
- property, plant and equipment	5,165	4,604
	<u>5,165</u>	<u>4,604</u>
Approved but not contracted for		
- property, plant and equipment	79,095	103,145
	<u>79,095</u>	<u>103,145</u>
	<u>84,260</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 SECOND QUARTER ENDED 30 JUNE 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 RM557.6 million grew by RM2.4 million or 0.4% against the corresponding quarter's revenue in the previous year of RM555.2 million. The growth in revenue continued to be driven by the growth in new stores and better consumer promotion activity.

Gross profit of RM183.0 million improved by RM4.0 million or 2.2% compared to the corresponding quarter in the previous year. This was mainly attributed to the increase in revenue and improvement in gross margin by 0.6% points. The improvement in gross margin was attributed to higher gross profit margins across most categories.

Selling and distribution expenses for the quarter increased by RM2.8 million or 1.7% against the corresponding quarter of the previous year. This was mainly due to new store expansion resulting in higher rental cost, store depreciation, maintenance expenses and staff costs.

Administrative and other operating expenses for the quarter decreased by RM0.1 million or 2.7% due to lower staff cost.

The increase in revenue, gross margin improvement and other operating income resulted in the Group's profit after tax of RM13.1 million, an increase of RM3.0 million or 29.4% as compared to the corresponding quarter in previous year.

Review of 6 Months Period Performance versus Corresponding Period Last Year

For the 6 months ended 30 June 2018, the Group's revenue of RM1.09 billion grew RM15.6 million or 1.4% against the corresponding period in the previous year of RM1.08 billion. The growth in revenue was driven by the growth in new stores and consumer promotion activity.

Gross profit improved by RM15.2 mil or 4.5% compared to the corresponding period in the previous year. This was mainly attributed to the revenue growth and gross profit margin expansion of 0.9% points. Other operating income grew by RM3.8 million or 6.3% compared to the corresponding period in the previous year.

The Group's profit after tax recorded RM3.9 million or 21.6% increased against the corresponding period in the previous year driven by higher profit contribution amongst most product categories.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018
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 second quarter increased by 50.1% against the immediate preceding quarter mainly due to higher sales achieved, GP margin, offset by lower other operating income, higher administrative and other operating expenses and selling and distribution expenses incurred.

B3. PROSPECTS

The Board of Directors is of the view that the trading conditions for the next quarter are expected to improve with the anticipated heightened consumer sentiment. We expect to see further improvements 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5. PROFIT FROM OPERATIONS

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

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2018	Restated 30.06.2017	30.06.2018	Restated 30.06.2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(287)	(215)	(548)	(388)
Depreciation of property, plant and equipment	15,382	13,954	30,443	27,522
Property, plant and equipment written off	987	750	1,524	1,066
Amortisation of intangible assets	1,055	1,088	2,110	2,131
Provision for and write off of inventories	1,102	1,431	2,459	2,922
Loss/(Gain) on disposal of property, plant and equipment	95	(1)	80	(95)
Loss/(Gain) on foreign exchange translation differences	1	(66)	6	(39)
	<u>1</u>	<u>(66)</u>	<u>6</u>	<u>(39)</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 30 June 2018.

B6. TAXATION

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period provision	6,863	4,748	11,901	7,249
Deferred tax:				
Relating to (reversal)/origination of temporary differences	(1,664)	(1,062)	(3,426)	(668)
	<u>5,199</u>	<u>3,686</u>	<u>8,475</u>	<u>6,581</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 30 June 2018 were higher than the Malaysian's statutory tax rate mainly due to certain expenses not deductible under tax legislation.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018
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 30 June 2018 are as follows: -

	Unaudited As at 30.06.2018 RM'000	Audited As at 31.12.2017 RM'000
Short term borrowings		
Secured:		
Hire purchase and finance lease liabilities	-	19
Unsecured:		
Bankers' acceptances	62,500	71,800
Term loan	13,800	11,800
Revolving credit	60,000	60,000
	<u>136,300</u>	<u>143,619</u>
Long term borrowings		
Unsecured:		
Term loan	35,000	42,400
	<u>35,000</u>	<u>42,400</u>
Total borrowings		
Bankers' acceptances	62,500	71,800
Term loan	48,800	54,200
Revolving credit	60,000	60,000
Hire purchase and finance lease liabilities	-	19
	<u>171,300</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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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B11. EARNINGS PER SHARE

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
Net profit attributable to ordinary shares (RM'000)	13,132	10,151	22,065	18,156
Weighted average number of ordinary shares in issue ('000)	1,123,545	1,110,385	1,116,965	1,110,385
Basic/diluted earnings per ordinary share (sen)	<u>1.17</u>	<u>0.91</u>	<u>1.98</u>	<u>1.64</u>

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