

7-Eleven Malaysia Holdings Berhad

[Registration No: 201301028701 (1058531-W)]

Date : 27 May 2021

**Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED
31 MARCH 2021**

<u>Table of contents</u>	Page
Condensed Consolidated Statements of Comprehensive Income	1
Condensed Consolidated Statements of Financial Position	2
Condensed Consolidated Statements of Changes in Equity	3
Condensed Consolidated Statements of Cash Flows	4
Notes to the Interim Financial Report	5 - 9
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad ('Bursa Securities LR')	10 - 14

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	CURRENT AND CUMULATIVE QUARTER 3 months ended	
	31.3.2021 RM'000	Restated* 31.3.2020 RM'000
Revenue	657,129	619,667
Cost of sales	(481,043)	(426,745)
Gross profit	176,086	192,922
Other operating income	40,748	32,785
Selling and distribution expenses	(147,967)	(159,919)
Administrative and other operating expenses	(33,738)	(35,361)
Profit from operations	35,129	30,427
Finance costs	(14,723)	(10,339)
Share of results of an associate	-	(344)
Profit before tax	20,406	19,744
Income tax expense	(6,868)	(8,374)
Profit after tax	13,538	11,370
Profit after tax attributable to:		
Equity holders of the Company	11,685	11,371
Non-controlling interest	1,853	(1)
	13,538	11,370
Total comprehensive income for the financial year		
Equity holders of the Company	11,685	11,371
Non-controlling interest	1,853	(1)
	13,538	11,370
Basic/diluted earnings per ordinary share (sen) (Note B11)	1.03	0.99

* The presentation and classification in the previous financial year have been reclassified to conform with current year's presentation.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 31.3.2021 RM'000	Audited As at 31.12.2020 RM'000
Assets		
Non-current assets		
Property, plant and equipment	367,218	346,484
Right of use assets	665,550	672,881
Intangible assets	451,836	425,492
Other investments	11,678	5,174
Sundry receivables	13,646	13,782
Deferred tax assets	2,517	6,777
	<u>1,512,445</u>	<u>1,470,590</u>
Current assets		
Inventories	322,023	288,947
Sundry receivables	98,373	96,183
Other investment	55,578	46,149
Cash and bank balances	115,476	134,980
	<u>591,450</u>	<u>566,259</u>
Total assets	<u>2,103,895</u>	<u>2,036,849</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	1,485,138	1,485,138
Treasury shares	(158,074)	(157,243)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Assets revaluation reserve	42,214	42,214
Retained profits	51,584	39,899
	<u>77,614</u>	<u>66,760</u>
Non-controlling interest	109,769	94,461
Total equity	<u>187,383</u>	<u>161,221</u>
Non-current liabilities		
Provisions	9,835	9,572
Borrowings	332,289	331,710
Lease liabilities	552,819	559,833
Contract liabilities	11,297	10,563
Deferred tax liabilities	56,584	61,255
	<u>962,824</u>	<u>972,933</u>
Current liabilities		
Provisions	538	1,936
Borrowings	230,464	201,365
Trade payables	455,840	441,498
Other payables	152,869	143,481
Lease liabilities	101,142	100,016
Contract liabilities	5,170	3,981
Taxation	7,665	10,418
	<u>953,688</u>	<u>902,695</u>
Total liabilities	<u>1,916,512</u>	<u>1,875,628</u>
Total equity and liabilities	<u>2,103,895</u>	<u>2,036,849</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>6.87</u>	<u>5.91</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to Equity Holders of the Company							Total equity RM'000
	Share capital 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	
At 1 January 2021								
As previously stated	1,485,138	(157,243)	(1,343,248)	42,214	39,899	66,760	94,461	161,221
Acquisition of a subsidiaries	-	-	-	-	-	-	13,455	13,455
Acquisition of treasury shares	-	(831)	-	-	-	(831)	-	(831)
Total comprehensive income	-	-	-	-	11,685	11,685	1,853	13,538
At 31 March 2021	1,485,138	(158,074)	(1,343,248)	42,214	51,584	77,614	109,769	187,383
At 1 January 2020								
As previously stated	1,485,138	(128,928)	(1,343,248)	41,969	46,985	101,916	195	102,111
Acquisition of a subsidiary	-	-	-	-	-	-	95,197	95,197
Acquisition of treasury shares	-	(28,315)	-	-	-	(28,315)	-	(28,315)
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	(10,398)	(10,398)	(2,394)	(12,792)
Total comprehensive income	-	-	-	245	29,766	30,011	5,587	35,598
Transaction with owners:								
Dividends on ordinary shares, representing total transaction with owners	-	-	-	-	(26,454)	(26,454)	-	(26,454)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,124)	(4,124)
At 31 December 2020	1,485,138	(157,243)	(1,343,248)	42,214	39,899	66,760	94,461	161,221

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	CUMULATIVE QUARTER	
	3 months ended	
	31.3.2021	31.3.2020
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	697,135	640,606
Cash paid to suppliers and employees	(621,422)	(574,422)
Cash generated from operations	75,713	66,184
Interest paid	(5,484)	(2,452)
Tax paid	(10,610)	(4,942)
Net cash generated from operating activities	<u>59,619</u>	<u>58,790</u>
Cash flows from investing activities		
Acquisition of an associate	-	(7,512)
Acquisition of subsidiaries and businesses	(24,595)	(322,604)
Acquisition of quoted shares	(4,714)	-
Purchase of property, plant and equipment	(10,382)	(14,885)
Proceeds from disposal of property, plant and equipment	822	49
Dividend received	15	29
Interest received	474	223
Increase in pledge fixed deposits with licensed bank	(1,114)	-
Net change in short term funds	(9,305)	-
Net cash used in investing activities	<u>(48,799)</u>	<u>(344,700)</u>
Cash flows from financing activities		
Proceeds from bankers' acceptances	90,300	63,300
Proceeds from term loan	3,730	354,645
Proceeds from revolving credit	20,000	-
Payment of principal portion of lease liabilities	(36,405)	(27,119)
Repayment of bankers' acceptances	(86,120)	(60,500)
Repayment of term loans	(24,202)	(4,800)
Repayment of hire purchase and finance lease liabilities	(27)	(33)
Net cash (used in)/from financing activities	<u>(32,724)</u>	<u>325,493</u>
Net (decrease)/increase in cash and cash equivalents	(21,904)	39,583
Cash and cash equivalents at beginning of the financial period	134,773	96,207
Cash and cash equivalents at end of the financial period	<u>112,869</u>	<u>135,790</u>
Cash and cash equivalents at the end of the financial period comprises the following:-		
Cash and bank balances	112,701	135,790
Fixed deposits with licensed banks	2,775	1,361
	<u>115,476</u>	<u>137,151</u>
Less: Fixed deposit pledged to licensed bank	(2,607)	(1,361)
	<u>112,869</u>	<u>135,790</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

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 2020.

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 2020 except as follows:

On 1 January 2021, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2021:

Description	Effective for annual financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform- Phase 2</i>	1 January 2021

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:

	Effective for annual financial periods beginning on or after
MFRS 3: Reference to Conceptual Framework (Amendments to MFRS 3)	1 January 2022
MFRS 9: Fees in the 10% Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: <i>Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: <i>Onerous Contracts- Cost of Fulfilling a Contract</i>	1 January 2022

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
NOTES TO THE INTERIM FINANCIAL REPORT**

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Description	Effective for annual financial periods beginning on or after
Annual improvements to MFRS Standards 2018 - 2020 Cycle	1 January 2022
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	
(ii) Amendments to MFRS 3: Business Combination	
(iii) Amendments to MFRS 9: Financial Instruments	
(iv) Amendments to MFRS 16: Leases	
(v) Amendments to MFRS 141: Agriculture	
MFRS 108: Definition of Accounting Estimates (Amendments to MFRS 108)	1 January 2023
MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101)	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023

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 2021. The Group intend to adopt these standards, if applicable, when they become effective. The initial application of the new or revised MFRSs and Amendments to MFRSs, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements of the Group upon their initial adoption.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Group typically experience higher customer count, transaction value and sales during weekends, public holidays, school holidays and festive periods such as Chinese New Year, 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 29 January 2021, Caring Pharmacy Retail Management Sdn Bhd ("Caring"), an indirect 75%-owned subsidiary of SEM, completed the acquisitions of equity interests in pharmacy companies as well as business assets comprising the following:

- (i) 67% equity interest in The Pill House Pharmacy Sdn Bhd ("TPH") for a cash consideration of about RM24.94 million;
- (ii) 60% equity interest in Wellings Pharmacy Sdn Bhd ("Wellings") for a cash consideration of RM19.90 million;
- (iii) business assets in three (3) pharmacy outlets held by Farmasi Sri Nibong Sdn Bhd for a cash consideration of RM3.00 million; and
- (iv) business assets in one (1) pharmacy outlet held by Farmasi Sri Nibong (Pekaka) Sdn Bhd for a cash consideration of RM0.45 million.

Accordingly, TPH and Wellings, through Caring, are now 67% and 60%-owned subsidiaries of SEM.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
NOTES TO THE INTERIM FINANCIAL REPORT

A8. DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share cancellations and resales of treasury shares for the current financial period ended 31 March 2021 and period up to the date of this announcement other than the following:-

Treasury shares

During the financial period ended 31 March 2021, the Company repurchased 600,000 of its issued ordinary shares from the open market at an average price of RM1.38 per share with internally generated funds. The shares repurchased are being held as treasury shares.

The number of treasury shares bought back and held in hand as at 31 March 2021 are as follows:

Month	Price per share (RM)			Number of shares	Amount (RM'000)
	Lowest	Highest	Average		
Mar 2021	1.36	1.40	1.38	600,000	831

A9. DIVIDEND PAID

There was no dividend paid during the financial period ended 31 March 2021.

A10. SEGMENT REPORT

Segmental analysis for the financial period ended 31 March 2021 is as follows:

	External RM'000	Inter- segment RM'000	Total RM'000
Revenue			
For the three months ended 31 March 2021			
Convenience stores	449,026	-	449,026
Pharmaceutical	208,059	-	208,059
Others	44	170	214
Inter-segment elimination	-	(170)	(170)
	<u>657,129</u>	<u>-</u>	<u>657,129</u>
For the three months ended 31 March 2020			
Convenience stores	619,614	-	619,614
Others	53	174	227
Inter-segment elimination	-	(174)	(174)
	<u>619,667</u>	<u>-</u>	<u>619,667</u>

	CUMULATIVE QUARTER	
	31.3.2021 RM'000	31.3.2020 RM'000
Results		
Convenience stores	24,555	37,530
Pharmaceutical	8,751	-
Others	1,349	(7,326)
	<u>34,655</u>	<u>30,204</u>
Interest income	474	223
Profit from operations	35,129	30,427
Share of results of an associate	-	(344)
Finance costs	(14,723)	(10,339)
Profit before tax	20,406	19,744
Income tax expense	(6,868)	(8,374)
Net profit for the year	13,538	11,370

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
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 RM10.4 million (2020 : RM14.9 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	
		31.3.2021	31.3.2020
		RM'000	RM'000
With a subsidiary company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia" or "7EMSB")	Advances from 7-Eleven Malaysia	13,727	11,818
	Interest expense on advances from 7-Eleven Malaysia	1,433	898
Convenience Shopping (Sabah) Sdn Bhd ("CSSSB")	Interest income on advances to CSSSB	(4,842)	-
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	2,573	3,700
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	41,176	58,965
	Receipts of payment from U Mobile for advertisement placement fees	2,282	2,232
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	1,931	2,888
Berjaya Food Trading Sdn Bhd ("B Food")	Payment to B Food for purchase of beverages	1,347	694
Nural Enterprise Sdn Bhd ("Nural")	Payments to Nural for rental of property	333	353

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
NOTES TO THE INTERIM FINANCIAL REPORT**

A12. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 3 months ended	
		31.3.2021 RM'000	31.3.2020 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	370	383
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	180	180
Razer Pay Holdings Pte. Ltd. and its subsidiary companies ("Razer")	Receipts of commission from Razer for in-store services	8,476	-
	Payments to Razer for transaction values for in-store services	883,541	-
	Receipts of transaction values from Razer for e-wallet transactions	49,150	-

A13. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM9,096,563 (31 December 2020: RM9,114,563) 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 31.3.2021 RM'000	Audited As at 31.12.2020 RM'000
Property, plant and equipment		
- approved and contracted for	6,993	9,492
- approved but not contracted for	101,959	116,252
	<u>108,952</u>	<u>125,744</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 2021
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

	Convenience store	Pharmaceutical	Corporate exercise	Total 1Q 2021	Total 1Q 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	449,070	208,059	NA	657,129	619,667
PAT	10,179	6,402	(3,043)	13,538	11,370

The Group's performance in the current quarter was affected by the Covid-19 pandemic. Our operations and store operating hours were restricted during the various stages of Movement Control Order ("MCO"); several states were placed under the MCO 2.0, from 13 January 2021, which was subsequently replaced with the CMCO from 5 March 2021.

Convenience Stores Segment

Revenue from convenience stores declined by RM170.6m or 27.5%. Most product categories recorded lower revenue resulting in lower gross profits.

Operating expenses decreased for the current quarter by RM47.0m or 24.8%, due to lower wages from a hiring freeze, lower inventory shrinkages, utilities, maintenance and rents. Excluding expenses incurred for corporate exercise, the convenience store segment recorded a core Profit After Tax of RM10.2m.

Corporate exercise expenses comprise primarily professional fees, interest to finance the acquisition of Caring Group and fair value gain from investments in quoted shares, amounted to RM3.0m for the quarter.

Pharmaceutical segment

The segment contributed a Revenue and Profit After Tax of RM208.1m and RM6.4m respectively in the current quarter.

Consolidated Group

The Group's consolidated Profit after Tax for the current quarter, after taking into consideration corporate exercise expenses stands at RM13.5m, an increase of RM2.2m or 19.1%.

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 RM6.7m or 49.4% against the immediate preceding quarter mainly due to higher revenue and lower operating expenses incurred in current quarter.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B3. PROSPECTS

The trading conditions and the overall consumer sentiment will continue to be influenced by the reintroduction of MCO 3.0 nationwide starting on May 2021 and the progress of National Covid-19 Immunisation Programme. The Group will continue to explore opportunities for growth in other channels and innovation in our product offerings. We will also continue to focus on our customer's needs, pursuing our core strategy pillars of Operational Excellence, Cost Management and Commercial Innovation, at the same time refreshing the 7-Eleven and Caring brand in the mind of customers through refreshed stores, innovations in our pricing, promotions, and developing exciting products. Additionally, we note that the retail pharmaceutical segment proved a resilient and defensive sector which was bolstered by the pandemic, as consumer focus shifted towards positive health-seeking behaviours and preventive measures. Thus, we believe this will continue to augur well for the segment and the Group.

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 2021
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B5. PROFIT FROM OPERATIONS

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

	CURRENT AND CUMULATIVE QUARTER 3 months ended	
	31.3.2021	31.3.2020
	RM'000	RM'000
Amortisation of intangible assets	1,129	1,129
Amortisation of right of use	29,842	21,921
Bad debts written off	1	-
Depreciation of property, plant and equipment	17,644	15,870
Dividend income	(15)	(29)
Fair value changes of FVTPL for investments in quoted shares	(1,789)	1,258
Gain on foreign exchange translation differences	-	(30)
Interest income	(474)	(223)
(Gain)/Loss on disposal of property, plant and equipment	(425)	75
Property, plant and equipment written off	275	261
Provision for and write off of inventories	2,518	3,223
	<u>2,518</u>	<u>3,223</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 2021.

B6. TAXATION

	CURRENT AND CUMULATIVE QUARTER 3 months ended	
	31.3.2021	31.3.2020
	RM'000	RM'000
Income tax:		
Current period provision	7,938	9,045
Deferred tax:		
Relating to reversal of temporary differences	(1,070)	(671)
	<u>6,868</u>	<u>8,374</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 2021 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 FIRST QUARTER ENDED 31 MARCH 2021
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 2021 are as follows: -

	Unaudited As at 31.3.2021 RM'000	Audited As at 31.12.2020 RM'000
Short term borrowings		
Secured:		
Term loan	39,562	39,225
Unsecured:		
Bankers' acceptances	88,620	82,940
Term loan	22,282	19,200
Revolving credit	80,000	60,000
	<u>230,464</u>	<u>201,365</u>
Long term borrowings		
Secured:		
Term loan	309,857	325,710
Unsecured:		
Term loan	22,432	6,000
	<u>332,289</u>	<u>331,710</u>
Total borrowings		
Bankers' acceptances	88,620	82,940
Term loan	394,133	390,135
Revolving credit	80,000	60,000
	<u>562,753</u>	<u>533,075</u>

B9. MATERIAL LITIGATION

On 9 November 2020, 7EMSB, a wholly-owned subsidiary of the Company and another company, Qinetics Solutions Sdn Bhd ("Qinetics") had filed a Writ of Summons together with Statement of Claim against one Nabil Bin Feisal Bamadhaj ("Nabil") and Dego Malaysia Sdn Bhd (previously known as Myinteractivelab Sdn Bhd) ("Dego") for respective claims arising from a Subscription Agreement dated 27 December 2019 ("SA") made between 7EMSB, Encik Nabil and Dego ("the Parties") and a Share Sales Agreement ("SSA") dated 11 September 2019 made between Qinetics and Nabil ("the HC Suit").

On 12 April 2021, all parties to the legal action have reached an amicable settlement and recorded a Consent Judgment (a sealed copy of which was extracted on 14 April 2021) at Kuala Lumpur High Court ("Settlement"). The Settlement will envisage, amongst others, both Encik Nabil Bin Feisal Bamadhaj and Dego Malaysia Sdn Bhd to pay a sum of RM2,800,000 ("Settlement Sum") to 7-Eleven and Qinetics Solutions Sdn Bhd as full and final settlement of the claims made against them. The Settlement will not have any material effect on the earnings, net assets and gearing of the SEM Group for the financial year ending 31 December 2021.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

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	
	31.3.2021	31.3.2020
Net profit attributable to equity holders of the company (RM'000)	11,685	11,371
Weighted average number of ordinary shares in issue ('000)	1,129,250	1,150,191
Basic/diluted earnings per ordinary share (sen)	<u>1.03</u>	<u>0.99</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 2020 was not qualified.