

# **7-Eleven Malaysia Holdings Berhad**

(Formerly known as Seven Convenience Berhad)

(Company No: 1058531-W)

**Date : 26 AUGUST 2014**

**Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

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# 7-Eleven Malaysia Holdings Berhad

(Formerly known as Seven Convenience Berhad)

(Company No: 1058531-W)

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	472,282	413,444	925,355	813,888
Cost of sales	(337,252)	(296,236)	(665,039)	(588,110)
<b>Gross profit</b>	<b>135,030</b>	<b>117,208</b>	<b>260,316</b>	<b>225,778</b>
Other operating income	31,434	26,788	57,828	54,549
Selling and distribution expenses	(121,738)	(107,352)	(238,440)	(210,685)
Administrative and other operating expenses	(20,194)	(13,507)	(36,874)	(29,229)
<b>Profit from operations</b>	<b>24,532</b>	<b>23,137</b>	<b>42,830</b>	<b>40,413</b>
Finance costs	(1,365)	(1,972)	(3,150)	(4,883)
<b>Profit before tax</b>	<b>23,167</b>	<b>21,165</b>	<b>39,680</b>	<b>35,530</b>
Income tax expense	(6,762)	(5,435)	(11,647)	(10,094)
<b>Profit after tax, representing total comprehensive income for the period</b>	<b>16,405</b>	<b>15,730</b>	<b>28,033</b>	<b>25,436</b>
<b>Attributable to:</b>				
Equity holders of the Company	16,405	15,730	28,033	25,436
<b>Earnings per ordinary share (Note B12)</b>				
- Basic/diluted (sen)	1.47	1.50	2.58	2.42

### 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.*

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(Company No: 1058531-W)

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	The Group	
	As at 30.6.2014 Unaudited RM'000	As at 31.12.2013 <sup>(2) (3)</sup> Unaudited RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	207,512	194,787
Investment property	226	229
Other investments	1	1
Goodwill on consolidation	596	596
	208,335	195,613
<b>Current assets</b>		
Inventories	138,816	133,025
Sundry receivables	85,185	109,312
Deferred expenditure	-	1,195
Tax recoverable	208	1,364
Cash and bank balances	293,873	47,840
	518,082	292,736
<b>Total assets</b>	726,417	488,349
<b>Equity and liabilities</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	123,338	105,200
Share premium	1,361,598	1,136,160
Retained profits	59,278	31,245
Capital reorganisation reserve	(1,343,248)	(1,343,248)
<b>Total equity</b>	200,966	(70,643)
<b>Non-current liabilities</b>		
Provisions	5,072	4,936
Borrowings	5,812	6,005
Deferred tax liability	10,010	8,423
	20,894	19,364
<b>Current liabilities</b>		
Provisions	437	311
Borrowings	54,688	119,592
Trade payables	347,076	321,949
Other payables	102,323	97,757
Taxation	33	19
	504,557	539,628
<b>Total liabilities</b>	525,451	558,992
<b>Total equity and liabilities</b>	726,417	488,349
<b>Net assets per share attributable to ordinary equity holders of the parent (sen)</b> <sup>(4)</sup>	16.29	(6.72)

## 7-Eleven Malaysia Holdings Berhad

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(Company No: 1058531-W)

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

# 7-Eleven Malaysia Holdings Berhad

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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company				Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Reorganisation deficit RM'000	Distributable Retained Profits RM'000	
<b>Group</b>					
<b>At 1 January 2013</b>	-	-	-	104,644	104,644
Total comprehensive income	-	-	-	44,101	44,101
<b>Transactions with owner</b>					
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)
<b>At 31 December 2013</b>	<b>105,200</b>	<b>1,136,160</b>	<b>(1,343,248)</b>	<b>31,245</b>	<b>(70,643)</b>
<b>At 1 January 2014</b>	105,200	1,136,160	(1,343,248)	31,245	(70,643)
Total comprehensive income	-	-	-	28,033	28,033
<b>Transaction with owners</b>					
Public issue of shares	18,138	232,173	-	-	250,311
Share issue expenses	-	(6,735)	-	-	(6,735)
<b>At 30 June 2014</b>	<b>123,338</b>	<b>1,361,598</b>	<b>(1,343,248)</b>	<b>59,278</b>	<b>200,966</b>

### 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.*

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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE QUARTER	
	6 months ended	
	30.6.2014	30.6.2013
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers and other receivables	983,208	876,957
Cash paid to suppliers and employees	(907,291)	(831,984)
Cash generated from operations	75,917	44,973
Interest paid	(3,150)	(3,388)
Tax paid	(10,046)	(6,325)
Net cash generated from operating activities	62,721	35,260
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(28,048)	(16,383)
Purchase of short term investment	-	(300)
Proceeds from disposal of property, plant and equipment	25	248
Repayment of intercompany balance (net)	33,091	100,813
Interest received	1,227	153
Net cash generated from investing activities	6,295	84,531
<b>Cash flows from financing activities</b>		
Dividend 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	(6,275)	-
Proceeds from bankers' acceptances	191,952	297,525
Repayment of bankers' acceptances	(254,252)	(277,025)
Repayment of term loans	(1,178)	(1,354)
Repayment of hire purchase and finance lease liabilities	(3,542)	(3,875)
Net cash generated from/(used in) financing activities	177,016	(102,229)
<b>Net increase in cash and cash equivalents</b>	246,032	17,562
<b>Cash and cash equivalents at beginning of the period</b>	47,841	32,243
<b>Cash and cash equivalents at end of the period</b>	293,873	49,805
Cash and cash equivalents at the end of the financial period comprises the following:-		
Cash and bank balances	48,815	49,474
Fixed deposits with licensed banks	245,058	331
	293,873	49,805

### **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.

# 7-Eleven Malaysia Holdings Berhad

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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014 NOTES TO THE INTERIM FINANCIAL REPORT

### A1. CORPORATE INFORMATION

7-Eleven Malaysia Holdings Berhad (formerly known as Seven Convenience Berhad) is a public limited liability company, incorporated and domiciled in Malaysia.

The principal activity of the Company is investment holding.

The principal activity 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 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:

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

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

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### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 and as disclosed on 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 period.

#### **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.



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 period ended 30 June 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 30 June 2014 is as follows:

	External RM'000	Inter- segment RM'000	Total RM'000
<b>Revenue</b>			
<b>For the six months ended 30 June 2014</b>			
Convenience stores	924,553	-	924,553
Others	802	349	1,151
Inter-segment elimination	-	(349)	(349)
	<u>925,355</u>	<u>-</u>	<u>925,355</u>
<b>For the six months ended 30 June 2013</b>			
Convenience stores	813,774	-	813,774
Others	114	356	470
Inter-segment elimination	-	(356)	(356)
	<u>813,888</u>	<u>-</u>	<u>813,888</u>
		<b>CUMULATIVE QUARTER</b>	
		<b>6 months ended</b>	
		<b>30.6.2014</b>	<b>30.6.2013</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>Results</b>			
Convenience stores		37,749	31,115
Others		1,211	347
		<u>38,960</u>	<u>31,462</u>
Interest income		3,870	8,951
<b>Profit from operations</b>		<b>42,830</b>	<b>40,413</b>
Finance costs		(3,150)	(4,883)
Profit before tax		<u>39,680</u>	<u>35,530</u>
Income tax expense		(11,647)	(10,094)
<b>Net profit for the period</b>		<b>28,033</b>	<b>25,436</b>

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### UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014 NOTES TO THE INTERIM FINANCIAL REPORT

#### A11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired assets at a cost of RM30,853,000. The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

#### A12. SUBSEQUENT EVENT

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

#### A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transactions	CUMULATIVE QUARTER 6 months ended	
		30.6.2014 RM'000	30.6.2013 RM'000
<b>With immediate holding company*</b>			
Berjaya Retail Berhad	Intercompany repayment to 7-Eleven Malaysia from BRetail, net	42,969	100,813
	Interest income on advances to BRetail	3,303	8,798
	Interest expense on advances from BRetail	182	1,495
	Purchase consideration paid for the acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia from BRetail.	<u>1,378,247</u>	<u>-</u>
<b>With a subsidiary company*</b>			
7-Eleven Malaysia Sdn Bhd	Intercompany advances received from 7-Eleven Malaysia	9,878	-
	Interest expense on advances from 7-Eleven Malaysia	<u>293</u>	<u>-</u>

\* 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.

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### UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014 NOTES TO THE INTERIM FINANCIAL REPORT

#### A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transactions	CUMULATIVE QUARTER 6 months ended	
		30.6.2014 RM'000	30.6.2013 RM'000
<b>With companies in which TSVT is deemed interested</b>			
MOL AccessPortal Sdn. Bhd. ("MOL")	Receipt of payment from MOL for commission for sale of mobile phone reloads and online games	10,064	9,890
	Payment to MOL for reload transaction values for in-store services for sale of mobile phone reloads and online games	<u>219,036</u>	<u>213,229</u>
U Mobile Sdn. Bhd. ("U Mobile")	Receipt of payment from U Mobile for commission for sale of mobile phone reloads	3,769	2,545
	Payment to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	59,040	39,872
	Receipt of payment from U Mobile for advertisement placing fees	<u>2,486</u>	<u>2,138</u>
Kakao Malaysia Sdn. Bhd. ("Kakao")	Receipt of payment from Kakao for advertisement placing fees	<u>1,411</u>	<u>-</u>
Prime Credit Leasing Sdn. Bhd.	Leasing facility for point-of-sales computer system:		
	- Drawdown	1,923	964
	- Lease interest	<u>336</u>	<u>324</u>
Securexpress Services Sdn. Bhd. ("Securexpress")	Payment to Securexpress for fees relating to the delivery of merchandise to stores	<u>5,338</u>	<u>6,611</u>
Berjaya Sampo Insurance Berhad ("Berjaya Sampo")	Payment to Berjaya Sampo for insurance premium	<u>928</u>	<u>946</u>
Nural Enterprise Sdn. Bhd. ("Nural")	Payment to Nural for rental of property	<u>1,026</u>	<u>891</u>

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### UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2014 NOTES TO THE INTERIM FINANCIAL REPORT

#### A14. CONTINGENT LIABILITIES

(a) Wrongful termination of tenancy agreement

On 6 March 2012, 7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia"), being the subsidiary company of the Group, brought an action against a landlord for wrongful termination of the tenancy agreement entered into by the relevant parties.

The landlord has counterclaimed against 7-Eleven Malaysia for mesne profits, double rental, damages and interests thereon arising from 7-Eleven Malaysia's refusal to vacate.

The counterclaim for mesne profits is at the rate of RM14,330 per day from 6 March 2012 until the date of the delivery of vacant possession.

7-Eleven Malaysia has obtained an interim injunction against the landlord until the final disposal of this matter. The dates for the full trial of this legal suit at the High Court has been set on 15 and 16 October 2014.

The directors are of the view that the company has a good defense against the claims made by the landlord. Therefore, no liability has been provided for mesne profits, damages and interests thereon in the interim financial report.

As at 30 June 2014, the Group has provided for liability in respect of the double rental amounting to RM7,295,776 (As at 31 December 2013 : RM5,730,208).

(b) The Group has bank guarantees amounting to RM5,924,200 (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.

#### A15. CAPITAL COMMITMENTS

	Group	
	As at 30.6.2014 Unaudited RM'000	As at 31.12.2013 Audited RM'000
Approved and contracted for - property, plant and equipment	8,109	3,864
Approved but not contracted for - property, plant and equipment	142,952	184,790
	<u>151,061</u>	<u>188,654</u>

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### **UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 RM472.3 million grew RM58.8 million or 14.2% against the corresponding quarter's revenue in the previous year of RM413.4 million. The growth in revenue was driven by the growth in new stores and same store sales growth of 5.1%.

Gross profit improved by RM17.8 mil or 15.2% compared to the corresponding quarter in the previous year and this was mainly attributed to the revenue growth of 14.2% and gross profit margin expansion of 0.2% points. Other operating income grew by 17.3% compared to the corresponding quarter in the previous year.

Administrative and other operating expenses for the quarter increased by RM6.7 million or 49.5% , caused by the lower base in the corresponding quarter of 2013 due to a reversal of overprovision for depreciation amounting to RM3.6 million that was made in respect of estimated future store restoration costs.

The increase in administrative and other operating expenses would have been 18.1% instead of 49.5% , if not for the reversal of overprovision for depreciation in the second quarter of 2013.

The growth in profit before tax of 9.5% or RM2.0 million was driven mainly by the sales growth, gross profit margin expansion and other operating income which was partially offset by the higher administrative and other operating expenses. The improvement in profit before tax over the corresponding quarter in the previous year would have been 31.8 % instead of 9.5%, if not for the reversal of the overprovision of depreciation.

##### **Review of 6 months period Performance**

For the 6 months ended 30 June 2014, the Group's revenue of RM925.4 million grew RM111.5 million or 13.7% against the corresponding 6 months' revenue in the previous year of RM813.9 million. The growth in revenue was driven by the growth in new stores (total stores as at 30 June 2014: 1,623 stores) and same store sales growth of 5.0%.

Gross profit improved by RM34.5 mil or 15.3% compared to the corresponding 6 months in the previous year and this was mainly attributed to the revenue growth of 13.7% and gross profit margin expansion of 0.4% points. Other operating income grew by 5.8% compared to the corresponding 6 months in the previous year.

Administrative and other operating expenses for the 6 months in 2014 increased by RM7.6 million or 26.2% , caused by the lower base in the corresponding 6 months in 2013 due to a reversal of overprovision for depreciation amounting to RM3.6 million that was made in respect of estimated future store restoration costs.

The increase in administrative and other operating expenses would have been 12.4% instead of 26.2% , if not for the reversal of overprovision for depreciation in the corresponding 6 months in 2013.

The growth in profit before tax of 11.7% or RM4.2 million was driven mainly by the sales growth, gross profit margin expansion and other operating income which was partially offset by the higher administrative and other operating expenses.

The improvement in profit before tax over the corresponding 6 months in the previous year would have been 24.2% instead of 11.7%, if not for the reversal of the overprovision of depreciation.

#### **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 was RM23.2 million, an increase of RM6.7 million or 40.3% over the first quarter profit before tax of RM16.5 million. The increase was mainly due to the 4.2% increase in revenue and gross profit margin expansion of 0.9% points.

## 7-Eleven Malaysia Holdings Berhad

(Formerly known as Seven Convenience Berhad)

(Company No: 1058531-W)

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#### B3. PROSPECTS

The Board of Directors is of the view that the performance for the remaining quarters 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 6 months ended	
	30.6.2014 RM'000	30.6.2013 RM'000	30.6.2014 RM'000	30.6.2013 RM'000
Interest income	(856)	(4,323)	(3,870)	(8,951)
Depreciation of property, plant and equipment	9,111	8,408	17,880	16,727
Write back of overprovision for depreciation	-	(3,589)	-	(3,589)
Amortisation charge for investment property	2	2	3	3
Property, plant and equipment written off	275	146	312	171
Provision for and write off of receivables	-	-	-	305
Impairment loss on sundry receivables	-	-	41	-
Impairment loss on sundry receivables written back	(209)	-	(209)	-
Net (gain)/loss on disposal of property, plant and equipment	(3)	3	(3)	(77)
(Gain)/loss on foreign exchange translation differences	(8)	17	(8)	17

Other than as presented in the condensed consolidated statements of comprehensive income and as disclosed above, there were no provision for and write off of inventories, 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 2014.

#### B6. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2014 RM'000	30.6.2013 RM'000	30.6.2014 RM'000	30.6.2013 RM'000
Income tax:				
Current period provision	5,835	5,291	10,060	9,442
Deferred tax				
Relating to origination and reversal of	927	110	1,587	618
Underprovision in prior year	-	34	-	34
	927	144	1,587	652
	6,762	5,435	11,647	10,094

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 30 June 2014 were higher than the Malaysian's statutory tax rate mainly due to the certain expenses not deductible under tax legislation.

#### B7. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed at the date of this report.

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#### 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	41,838	-	142,952	Within 36 months
ii. Working capital	42,664	40,000	-	2,664	Within 36 months
iii. Estimated fees and expenses for the IPO and listing exercise	22,857	13,701	9,156	-	Note 1
<b>Total gross proceeds</b>	<b>250,311</b>	<b>95,539</b>	<b>9,156</b>	<b>145,616</b>	

**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 will be utilised for working capital purposes.

#### B9. GROUP BORROWINGS

The Group borrowings which is denominated in Ringgit Malaysia ("RM") as at 30 June 2014 are as follows: -

	<b>As at 30.6.2014 RM'000</b>
<b>Short term borrowings</b>	
<b>Secured:</b>	
Term loans	-
Bankers' acceptances	24,400
Hire purchase and finance lease liabilities	5,488
	<u>29,888</u>
<b>Unsecured:</b>	
Bankers' acceptances	24,800
	<u>54,688</u>
<b>Long term borrowings</b>	
<b>Secured:</b>	
Term loans	1,821
Hire purchase and finance lease liabilities	3,991
	<u>5,812</u>
<b>Total borrowings</b>	
Term loans	1,821
Bankers' acceptances	49,200
Hire purchase and finance lease liabilities	9,479
	<u>60,500</u>

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#### B10. CHANGES IN MATERIAL LITIGATION

There is no changes in material litigations for the current financial period to date other than as disclosed in the Prospectus of the Company dated 8 May 2014.

#### B11. DIVIDEND

No dividend was declared or recommended for payment by the Company during the quarter under review.

#### B12. EARNINGS PER SHARE

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended	3 months ended	6 months ended	6 months ended
	30.6.2014	30.6.2013	30.6.2014	30.6.2013
Net profit attributable to ordinary shares (RM'000)	16,405	15,730	28,033	25,436
Weighted average number of ordinary shares in issue ('000)*	1,119,770	1,052,000	1,086,072	1,052,000
Basic/diluted earnings per ordinary share (sen)	1.47	1.50	2.58	2.42

#### 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 B7 (i) and the Public Issue as detailed in Note B7 (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 30 June 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
	30.6.2014	31.12.2013
	RM'000	RM'000
Total retained profits of the Group		
- Realised	72,936	42,533
- Unrealised	(13,658)	(11,288)
<b>Total retained profits as per statement of changes in equity</b>	<b>59,278</b>	<b>31,245</b>