

7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

Date : 27 FEBRUARY 2017

Subject: **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Revenue	523,609	499,744	2,103,367	2,006,284
Cost of sales	(362,891)	(339,202)	(1,456,798)	(1,387,965)
Gross profit	160,718	160,542	646,569	618,319
Other operating income	32,261	29,653	115,518	109,675
Selling and distribution expenses	(157,762)	(148,737)	(596,150)	(563,382)
Administrative and other operating expenses	(22,140)	(21,605)	(92,530)	(86,457)
Profit from operations	13,077	19,853	73,407	78,155
Finance costs	(1,055)	(44)	(2,590)	(313)
Profit before tax	12,022	19,809	70,817	77,842
Income tax expense	(2,502)	(5,872)	(18,644)	(22,041)
Profit after tax, representing total comprehensive income for the period/year	9,520	13,937	52,173	55,801
Profit attributable to:				
Equity holders of the Company	9,520	13,937	52,173	55,801
Basic/diluted earnings per ordinary share (sen) (Note B12)	0.84	1.16	4.50	4.55

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	The Group	
	Unaudited As at 31.12.2016 RM'000	Audited As at 31.12.2015 RM'000
Assets		
Non-current assets		
Property, plant and equipment	318,801	303,608
Investment property	212	217
Intangible assets	35,822	21,232
Other investments	1	1
	<u>354,836</u>	<u>325,058</u>
Current assets		
Inventories	264,447	180,705
Sundry receivables	92,468	105,814
Tax recoverable	13,313	5,605
Cash and bank balances	51,675	126,487
	<u>421,903</u>	<u>418,611</u>
Total assets	<u>776,739</u>	<u>743,669</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	123,338	123,338
Share premium	1,361,800	1,361,800
Treasury shares	(190,625)	(58,913)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Retained profits	83,924	87,217
Total equity	<u>35,189</u>	<u>170,194</u>
Non-current liabilities		
Provisions	6,955	5,775
Borrowings	25,219	132
Deferred tax liabilities	15,818	8,760
	<u>47,992</u>	<u>14,667</u>
Current liabilities		
Provisions	158	701
Borrowings	90,473	1,946
Trade payables	465,197	410,980
Other payables	137,711	145,161
Taxation	19	20
	<u>693,558</u>	<u>558,808</u>
Total liabilities	<u>741,550</u>	<u>573,475</u>
Total equity and liabilities	<u>776,739</u>	<u>743,669</u>
Net assets per share attributable to ordinary equity holders of the Company (sen) ⁽¹⁾		
	<u>3.17</u>	<u>14.27</u>

Note:

(1) Based on number of outstanding shares in issue with voting rights.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Attributable to Equity Holders of the Company

			Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reorganisation deficit RM'000	Retained profits RM'000	Total equity RM'000
At 1 January 2016	123,338	1,361,800	(58,913)	(1,343,248)	87,217	170,194
Total comprehensive income	-	-	-	-	52,173	52,173
Transaction with owners:						
Treasury shares acquired	-	-	(131,712)	-	-	(131,712)
Dividends on ordinary shares	-	-	-	-	(55,466)	(55,466)
At 31 December 2016	<u>123,338</u>	<u>1,361,800</u>	<u>(190,625)</u>	<u>(1,343,248)</u>	<u>83,924</u>	<u>35,189</u>
At 1 January 2015	123,338	1,361,800	-	(1,343,248)	94,319	236,209
Total comprehensive income	-	-	-	-	55,801	55,801
Transaction with owners:						
Treasury shares acquired	-	-	(58,913)	-	-	(58,913)
Dividends on ordinary shares	-	-	-	-	(62,903)	(62,903)
At 31 December 2015	<u>123,338</u>	<u>1,361,800</u>	<u>(58,913)</u>	<u>(1,343,248)</u>	<u>87,217</u>	<u>170,194</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**CUMULATIVE QUARTER
12 months ended
31.12.2016 31.12.2015
RM'000 RM'000**

Cash flows from operating activities

Cash receipts from customers and other receivables	2,230,451	2,090,548
Cash paid to suppliers and employees	(2,133,200)	(1,938,583)
Cash generated from operations	97,251	151,965
Interest paid	(2,590)	(313)
Tax paid	(19,295)	(24,805)
Net cash generated from operating activities	75,366	126,847

Cash flows from investing activities

Purchase of property, plant and equipment	(65,712)	(114,633)
Purchase of intangible assets	(12,697)	(10,943)
Proceeds from disposal of property, plant and equipment	15	2,955
Interest received	1,780	5,305
Net cash used in investing activities	(76,614)	(117,316)

Cash flows from financing activities

Dividends paid on ordinary shares	(55,466)	(62,903)
Acquisition of treasury shares	(131,712)	(58,913)
Proceeds from bankers' acceptances	225,653	-
Proceeds from revolving credit	20,000	-
Proceeds from term loan	30,000	-
Repayment of bankers' acceptances	(160,140)	-
Repayment of term loan	-	(819)
Repayment of hire purchase and finance lease liabilities	(1,899)	(4,519)
Net cash used in financing activities	(73,564)	(127,154)

Net decrease in cash and cash equivalents

	(74,812)	(117,623)
Cash and cash equivalents at beginning of the financial year	126,487	244,110
Cash and cash equivalents at end of the financial year	51,675	126,487

Cash and cash equivalents at the end of the financial year comprises the following:-

Cash and bank balances	41,664	75,830
Fixed deposits with licensed banks	10,011	50,657
	51,675	126,487

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
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 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 2015.

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 2015 except as follows:

On 1 January 2016, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2016:

Description	Effective for annual financial periods beginning on or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 : Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127 : Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101 : Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 : Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 : Regulatory Deferral Accounts	1 January 2016

The adoption of the above did not have any significant effect on the interim financial report upon their initial adoption.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
NOTES TO THE INTERIM FINANCIAL REPORT**

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The Group has not early adopted 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 2016. 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, 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 Group is currently assessing the financial impact of adopting MFRS 16 Leases.

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 financial year 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 year.

A7. CHANGES IN COMPOSITION OF THE GROUP

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

A8. DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt 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 2016 other than the following:-

Treasury shares

During the financial year ended 31 December 2016, the Company repurchased 82,500,000 of its issued ordinary shares from the open market at an average price of RM1.59 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 December 2016 are as follows:

Month	Price per share (RM)			Number of shares	Amount # RM'000
	Lowest	Highest	Average		
At 1 January 2016	1.34	1.57	1.45	40,500,000	58,913
January 2016	1.43	1.63	1.54	9,344,400	14,423
February 2016	1.47	1.61	1.53	3,135,600	4,824
March 2016	1.37	1.42	1.40	2,820,000	3,962
April 2016	1.36	1.42	1.39	5,500,000	7,657
May 2016	1.34	1.39	1.37	2,110,000	2,892
June 2016	1.33	1.37	1.36	2,890,000	3,942
July 2016	1.32	1.37	1.34	2,050,000	2,765
August 2016	1.34	1.69	1.55	10,350,000	16,084
September 2016	1.49	1.80	1.57	13,800,000	21,705
October 2016	1.69	1.95	1.86	12,651,500	23,664
November 2016	1.64	1.76	1.71	10,348,500	17,765
December 2016	1.38	1.67	1.60	7,500,000	12,028
			1.54	123,000,000	190,625

Inclusive of transaction cost.

7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 NOTES TO THE INTERIM FINANCIAL REPORT

A9. DIVIDEND PAID

During the financial year ended 31 December 2016, the Company paid an interim single tier dividend of 2.3 sen per ordinary share and a special single tier dividend of 2.4 sen per ordinary share amounting to RM55.5 million in respect of the financial year ended 31 December 2015 on 31 March 2016.

A10. SEGMENT REPORT

Segmental analysis for the financial year ended 31 December 2016 is as follows:

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
For the twelve months ended 31 December 2016			
Convenience stores	2,103,088	-	2,103,088
Others	279	52,697	52,976
Inter-segment elimination	-	(52,697)	(52,697)
	<u>2,103,367</u>	<u>-</u>	<u>2,103,367</u>
For the twelve months ended 31 December 2015			
Convenience stores	2,006,009	-	2,006,009
Others	275	56,698	56,973
Inter-segment elimination	-	(56,698)	(56,698)
	<u>2,006,284</u>	<u>-</u>	<u>2,006,284</u>

Results	CUMULATIVE QUARTER 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000
Convenience stores	71,797	74,932
Others	(170)	(2,082)
	<u>71,627</u>	<u>72,850</u>
Interest income	1,780	5,305
Profit from operations	73,407	78,155
Finance costs	(2,590)	(313)
Profit before tax	70,817	77,842
Income tax expense	(18,644)	(22,041)
Net profit for the period	52,173	55,801

A11. PROPERTY, PLANT AND EQUIPMENT

During the 12 months ended 31 December 2016, the Group acquired assets at costs of RM67.6 million (2015 : RM114.6 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
NOTES TO THE INTERIM FINANCIAL REPORT

A12. INTANGIBLE ASSETS

Intangible assets include computer software. During the 12 months ended 31 December 2016, the Group acquired computer software assets at costs of RM16.9 million (2015 : RM10.9 million).

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2016 RM'000	31.12.2015 RM'000
With a subsidiary company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Dividend receivable from 7-Eleven Malaysia	52,000	56,000
	Advances from 7-Eleven Malaysia to 7-Eleven Malaysia Holdings, net of payments	101,676	1,942
	Interest expense on advances from 7-Eleven Malaysia	1,448	127
	Interest income on dividend receivable from 7-Eleven Malaysia	<u>1,210</u>	<u>1,374</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2016 RM'000	31.12.2015 RM'000
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	25,684	23,995
	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	710,960	621,266
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	9,613	7,827
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	151,080	127,649
	Receipts of payment from U Mobile for advertisement placement fees	6,182	5,400
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipts of payment from BChannel for advertisement placement fees	1,258	1,500
Sun Media Corporation Sdn. Bhd. ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	739	612
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	720	752

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 12 months ended	
		31.12.2016 RM'000	31.12.2015 RM'000
With companies in which TSVT is deemed interested*			
Prime Credit Leasing Sdn. Bhd.	Leasing facility for point-of-sales computer system: - Lease interest	69	303
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	17,603	13,817
Berjaya Sampo Insurance Berhad ("Berjaya Sampo")	Payments to Berjaya Sampo for insurance premium	1,753	1,740
Nural Enterprise Sdn. Bhd. ("Nural")	Payments to Nural for rental of property	1,382	1,373
Berjaya Times Square Sdn. Bhd. ("BTS")	Payments to BTS for rental of property	539	532

* 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.

A14. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM7,099,383 (31 December 2015: RM6,645,000) 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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016
NOTES TO THE INTERIM FINANCIAL REPORT

A15. CAPITAL COMMITMENTS

	The Group	
	Unaudited	Audited
	As at	As at
	31.12.2016	31.12.2015
	RM'000	RM'000
Approved and contracted for		
- property, plant and equipment	-	3,930
- intangible assets	1,635	16,706
	<u>1,635</u>	<u>20,636</u>
Approved but not contracted for		
- property, plant and equipment	117,556	109,146
- intangible assets	-	8,036
	<u>117,556</u>	<u>117,182</u>
	<u>119,191</u>	<u>137,818</u>

A16. SUBSEQUENT EVENT

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

7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 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 RM523.6 million grew by RM23.9 million or 4.8% against the corresponding quarter's revenue in the previous year of RM499.7 million. The growth in revenue continued to be driven by the growth in new stores, improved merchandise mix and consumer promotion activity. This growth was achieved despite prolonged on-going retail market softness caused by weak consumer confidence/spending.

Gross profit of RM160.7 million was in line with the corresponding quarter in the previous year. Gross profit for the fourth quarter last year was positively impacted by non-recurring one-off tobacco sales as a result of change in excise duty.

Other operating income increased by 8.8% vis-a-vis the same quarter in the previous year primarily due to growth in the marketing income.

Selling and distribution expenses for the quarter increased by RM9.0 million or 6.1%, mainly caused by new store expansion resulting in higher staff cost, rental cost, store depreciation expense and utility cost. In addition, the increase in the minimum wage effective 1st July 2016 continued to significantly impact selling and distribution expenses.

Administrative and other operating expenses for the quarter increased by only RM0.5 million or 2.5%.

The profit before tax of RM12.0 million decreased by RM7.8 million or 39.3% compared to the corresponding quarter in 2015 despite positive sales growth due to higher selling and distribution expenses caused by new store expansion and the impact of minimum wage increase effective 1st July 2016.

Review of 12 Months Period Performance versus Corresponding Period Last Year

For the 12 months ended 31 December 2016, the Group's revenue of RM2.10 billion grew RM97.1 million or 4.8% against the corresponding 12 months' revenue in the previous year of RM2.01 billion. The growth in revenue was driven by the growth in new stores (total stores as at 31 December 2016: 2,122 stores), improved merchandise mix and consumer promotion activity.

Gross profit improved by RM28.2 mil or 4.6% compared to the corresponding 12 months in the previous year and this was mainly attributed to the revenue growth of 4.8%.

Other operating income increased by 5.3% year-on-year mainly attributed to growth in the marketing income.

Selling and distribution expenses for the 12 months period in 2016 increased by RM32.8 million or 5.8%, mainly caused by higher staff cost, rental cost, store depreciation expense and utility cost which is in tandem with new store expansion coupled with the impact of minimum wage increase on the staff cost from 1st July 2016.

Administrative and other operating expenses increased by RM6.1 million or 7.0% versus the corresponding 12 months in the previous year.

The profit before tax of RM70.8 million decreased by 9.0% or RM7.0 million despite revenue growth of 4.8% due to higher selling and distribution expenses from new store expansion and also the impact of minimum wage increase effective 1 July 2016 on the salary cost.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 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 fourth quarter of RM12.0 million was lower than the immediate preceding quarter of RM15.5 million by RM3.5 million or 22.6% due to decline in revenue by 4.4%. The revenue in the fourth quarter was lower than the third quarter of the current year due to seasonality impact from higher sales contribution from Hari Raya in the third quarter and lower sales in November 2016 due to unusual prolonged wet weather.

B3. PROSPECTS

The Board of Directors is of the view that the trading condition for the next quarter is expected to remain challenging due to continued weak consumer confidence/spending and current macro-economic conditions. Despite this latest development, we remain positive of holding onto our market leading position.

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.

7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B5. PROFIT FROM OPERATIONS

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

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Interest income	(261)	(1,149)	(1,780)	(5,305)
Depreciation of property, plant and equipment	13,020	14,774	50,791	48,622
Property, plant and equipment written off	532	1,629	2,669	2,302
Amortisation charge for investment property	1	1	5	5
Amortisation of intangible assets	1,231	101	2,309	614
Provision for and write off of inventories	1,289	2,391	3,793	4,479
Reversal of impairment loss of property, plant and equipment	-	-	(666)	-
Loss on disposal of property, plant and equipment	321	(206)	312	(201)
Impairment loss on sundry receivables	21	559	21	559
Impairment loss on intangible assets	-	596	-	596
Loss on foreign exchange translation differences	6	(74)	15	186

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 2016.

B6. TAXATION

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Income tax:				
Current period provision	977	5,601	12,013	22,478
Over provision in prior year	-	(66)	(427)	(874)
	<u>977</u>	<u>5,535</u>	<u>11,586</u>	<u>21,604</u>

7-Eleven Malaysia Holdings Berhad (Company No: 1058531-W)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016 ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR

B6. TAXATION (CONT'D)

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2016 RM'000	31.12.2015 RM'000	31.12.2016 RM'000	31.12.2015 RM'000
Deferred tax				
Relating to origination and reversal of temporary differences	1,502	1,970	7,385	2,070
Overprovision in prior year	23	(1,633)	(327)	(1,633)
	<u>1,525</u>	<u>337</u>	<u>7,058</u>	<u>437</u>
	<u>2,502</u>	<u>5,872</u>	<u>18,644</u>	<u>22,041</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 2016 were higher than the Malaysian's statutory tax rate mainly due to 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.

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	Actual utilisation at the date of this report	Deviation between actual and proposed utilisation	Change of proposed utilisation	Revised balance	Estimated time frame for utilisation
	RM'000	RM'000	Note 1 RM'000	Note 2 RM'000	RM'000	
i. Capital expenditure	184,790	137,910	-	(40,790)	6,090	Within 36 months
ii. Working capital	42,664	92,610	(9,156)	40,790	-	
iii. Estimated fees and expenses for the IPO and listing exercise	22,857	13,701	9,156	-	-	
Total gross proceeds	250,311	244,221	-	-	6,090	

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.

2 As announced to the Bursa Securities on 13 November 2015, the Board of Directors had approved for the unutilised balance of RM40.79 million included under capital expenditure that was allocated for the construction of the new combined distribution center on its existing land to be reallocated for working capital.

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B9. GROUP BORROWINGS

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 31 December 2016 are as follows: -

	Unaudited As at 31.12.2016 RM'000	Audited As at 31.12.2015 RM'000
Short term borrowings		
Secured:		
Hire purchase and finance lease liabilities	160	1,946
Unsecured:		
Bankers' acceptances	65,513	-
Term loan	4,800	-
Revolving credit	20,000	-
	<u>90,473</u>	<u>1,946</u>
Long term borrowings		
Secured:		
Hire purchase and finance lease liabilities	19	132
Unsecured:		
Term loan	25,200	-
	<u>25,219</u>	<u>132</u>
Total borrowings		
Bankers' acceptances	65,513	-
Term loan	30,000	-
Revolving credit	20,000	-
Hire purchase and finance lease liabilities	179	2,078
	<u>115,692</u>	<u>2,078</u>

B10. MATERIAL LITIGATION

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

B11. DIVIDEND

The Board of Directors has declared an interim single tier dividend of 2.3 sen per ordinary share (previous year corresponding quarter ended 31 December 2015 : 2.3 sen) and a special single tier dividend of 2.4 sen per ordinary share (previous year corresponding quarter ended 31 December 2015 : 2.4 sen) in respect of the financial year ended 31 December 2016. The date of entitlement and payment will be announced in due course.

Total dividend declared in respect of the financial year ended 31 December 2016 is 4.7 sen per ordinary share (previous financial year ended 31 December 2015 : 4.7 sen), 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 2016 is approximately RM 52.2 million, representing approximately 100% of the attributable profit of the Group for the financial year ended 31 December 2016.

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B12. EARNINGS PER SHARE

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Net profit attributable to ordinary shares (RM'000)	9,520	13,937	52,173	55,801
Weighted average number of ordinary shares in issue ('000)	1,135,102	1,206,119	1,158,619	1,225,155
Basic/diluted earnings per ordinary share (sen)	<u>0.84</u>	<u>1.16</u>	<u>4.50</u>	<u>4.55</u>

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

B13. BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained profits of the Group as at 31 December 2016 and 31 December 2015 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.

	Unaudited As at 31.12.2016 RM'000	Audited As at 31.12.2015 RM'000
Realised profits	99,742	95,977
Unrealised losses	<u>(15,818)</u>	<u>(8,760)</u>
Total retained profits as per condensed consolidated statements of changes in equity	<u>83,924</u>	<u>87,217</u>