

# 7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

**Date :** 29 May 2019

**Subject:** UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED  
31 MARCH 2019

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>CURRENT AND CUMULATIVE QUARTER 3 months ended</b>	
	<b>31.3.2019</b>	<b>Restated * 31.3.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	583,731	535,688
Cost of sales	<u>(373,061)</u>	<u>(342,565)</u>
<b>Gross profit</b>	210,670	193,123
Other operating income	659	474
Selling and distribution expenses	(159,230)	(156,423)
Administrative and other operating expenses	<u>(25,562)</u>	<u>(22,575)</u>
<b>Profit from operations</b>	26,537	14,599
Finance costs	<u>(10,449)</u>	<u>(2,390)</u>
<b>Profit before tax</b>	16,088	12,209
Income tax expense	<u>(4,934)</u>	<u>(3,276)</u>
<b>Profit after tax</b>	<u>11,154</u>	<u>8,933</u>
<b>Profit after tax attributable to:</b>		
Equity holders of the Company	11,145	8,933
Non-controlling interest	<u>9</u>	<u>-</u>
	<u>11,154</u>	<u>8,933</u>
<b>Total comprehensive income for the financial period</b>		
Equity holders of the Company	11,145	8,933
Non-controlling interest	<u>9</u>	<u>-</u>
	<u>11,154</u>	<u>8,933</u>
<b>Basic/diluted earnings per ordinary share (sen) (Note B11)</b>	<u>0.99</u>	<u>0.80</u>

\* The last year corresponding quarter has been restated to effect the changes in regards to the adoption of MFRS 15.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<b>The Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31.3.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	305,790	323,982
Right of use assets	577,627	-
Investment property	400	400
Intangible assets	32,779	34,289
Other investments	1	1
	<u>916,597</u>	<u>358,672</u>
<b>Current assets</b>		
Inventories	228,987	224,682
Sundry receivables	94,822	93,465
Cash and bank balances	99,944	72,548
	<u>423,753</u>	<u>390,695</u>
<b>Total assets</b>	<u>1,340,350</u>	<u>749,367</u>
<b>Equity and liabilities</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	1,485,138	1,485,138
Treasury shares	(161,941)	(161,941)
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Assets revaluation reserve	41,152	41,152
Retained profits	64,540	71,208
	<u>85,641</u>	<u>92,309</u>
Non-controlling interest	178	169
<b>Total equity</b>	<u>85,819</u>	<u>92,478</u>
<b>Non-current liabilities</b>		
Provisions	7,788	7,742
Borrowings	39,887	44,611
Lease liabilities	512,712	-
Contract liabilities	1,282	1,520
Deferred tax liabilities	13,146	18,850
	<u>574,815</u>	<u>72,723</u>
<b>Current liabilities</b>		
Provisions	312	249
Borrowings	114,696	127,303
Trade payables	383,311	345,735
Other payables	103,047	107,114
Lease liabilities	75,000	-
Contract liabilities	1,209	1,699
Taxation	2,141	2,066
	<u>679,716</u>	<u>584,166</u>
<b>Total liabilities</b>	<u>1,254,531</u>	<u>656,889</u>
<b>Total equity and liabilities</b>	<u>1,340,350</u>	<u>749,367</u>
<b>Net assets per share attributable to ordinary equity holders of the Company, based on number of outstanding shares in issue with voting rights (sen)</b>		
	<u>7.65</u>	<u>8.24</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
**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	
<b>At 1 January 2019</b>								
As previously stated	1,485,138	(161,941)	(1,343,248)	41,152	71,208	92,309	169	92,478
MFRS 16 adoption (Note A3)	-	-	-	-	(17,813)	(17,813)	-	(17,813)
<b>As restated</b>	1,485,138	(161,941)	(1,343,248)	41,152	53,395	74,496	169	74,665
Total comprehensive income	-	-	-	-	11,145	11,145	9	11,154
<b>At 31 March 2019</b>	1,485,138	(161,941)	(1,343,248)	41,152	64,540	85,641	178	85,819
<b>At 1 January 2018</b>								
As stated	1,485,138	(190,625)	(1,343,248)	40,784	81,985	74,034	-	74,034
Total comprehensive income	-	-	-	-	8,933	8,933	-	8,933
<b>At 31 March 2018</b>	1,485,138	(190,625)	(1,343,248)	40,784	90,918	82,967	-	82,967

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>	
	<b>31.3.2019</b>	<b>31.3.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers and other receivables	621,192	579,892
Cash paid to suppliers and employees	(557,181)	(560,292)
Cash generated from operations	<u>64,011</u>	<u>19,600</u>
Interest paid	(2,067)	(2,390)
Tax paid	(4,939)	(4,911)
Net cash generated from operating activities	<u>57,005</u>	<u>12,299</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(12,507)	(8,853)
Proceeds from disposal of property, plant and equipment	-	163
Interest received	<u>229</u>	<u>261</u>
Net cash used in investing activities	<u>(12,278)</u>	<u>(8,429)</u>
<b>Cash flows from financing activities</b>		
Proceeds from bankers' acceptances	37,500	75,500
Repayment of bankers' acceptances	(51,000)	(73,800)
Repayment of term loans	(3,700)	(2,700)
Repayment of hire purchase and finance lease liabilities	<u>(131)</u>	<u>(10)</u>
Net cash used in from financing activities	<u>(17,331)</u>	<u>(1,010)</u>
<b>Net increase in cash and cash equivalents</b>	27,396	2,860
<b>Cash and cash equivalents at beginning of the financial period</b>	<u>72,548</u>	<u>69,634</u>
<b>Cash and cash equivalents at end of the financial period</b>	<u>99,944</u>	<u>72,494</u>

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

Cash and bank balances	98,918	66,351
Fixed deposits with licensed banks	<u>1,026</u>	<u>6,143</u>
	<u>99,944</u>	<u>72,494</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
**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 2018.

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 2018 except as follows:

On 1 January 2019, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2019:

<b>Description</b>	<b>Effective for annual financial periods beginning on or after</b>
MFRS 16 : Leases	1 January 2019
Amendments to MFRS 9 : Prepayment Features with Negative Compensation	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 : Business Combinations	1 January 2019
(ii) Amendments to MFRS 11 : Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112 : Income Taxes	1 January 2019
(iv) Amendments to MFRS 123 : Borrowing Costs	1 January 2019

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 FIRST QUARTER ENDED 31 MARCH 2019**  
**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:

<b>Description</b>	<b>Effective for annual financial periods beginning on or after</b>
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 2019. 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.

**MFRS 16 : Leases**

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)**

**MFRS 16 : Leases (cont'd)**

The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset to profit or loss.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

The effect of adopting MFRS 16 to the Group as at 1 January 2019 was as follows:

<b>Group</b>	<b>Increase/ (decrease)</b>
<b>Statement of financial position</b>	<b>RM'000</b>
<b>Fixed assets</b>	
Right of use assets	577,310
Property, plant and equipment	(16,243)
<b>Liabilities and Equity</b>	
Deferred tax liabilities	(5,625)
Lease liabilities	584,505
Retained profits	(17,813)

A summary of the effect to statement of comprehensive income on 1Q2019 as follow :

	(A)		Impact of MFRS 16 RM'000	(B)		(A) - (B)	
	1Q2019 (With MFRS16) RM'000	1Q2019 (Without MFRS16) RM'000		1Q2018 (Without MFRS 16) RM'000	Variance without MFRS 16 RM'000	%	
Revenue	583,731	583,731	-	535,688	48,043	9.0%	
Cost of sales	(373,061)	(373,061)	-	(342,565)	(30,496)	8.9%	
<b>Gross profit</b>	210,670	210,670		193,123			
Other operating income	659	659	-	474	185	39.0%	
Selling and distribution expenses	(159,230)	(164,710)	5,480	(156,423)	(8,287)	5.3%	
Administrative and other operating expenses	(25,562)	(25,613)	51	(22,575)	(3,038)	13.5%	
<b>Profit from operations</b>	26,537	21,006		14,599			
Finance costs	(10,449)	(2,067)	(8,382)	(2,390)	323	-13.5%	
<b>Profit before tax</b>	16,088	18,939	(2,851)	12,209	6,730	55.1%	
Income tax expense	(4,934)	(5,732)	798	(3,276)	(2,456)	75.0%	
<b>Profit after tax</b>	11,154	13,207	(2,053)	8,933	4,274	47.8%	
<b>EBITDA</b>	64,321	36,746	27,575	30,715	6,031	19.6%	



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
**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**

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

**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 31 March 2019 and period up to the date of this announcement.

**A9. DIVIDEND PAID**

There was no dividend paid during the financial period ended 31 March 2019.

**A10. SEGMENT REPORT**

Segmental analysis for the financial period ended 31 March 2019 is as follows:

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
<b>For the three months ended 31 March 2019</b>			
Convenience stores	583,679	-	583,679
Others	52	174	226
Inter-segment elimination	-	(174)	(174)
	583,731	-	583,731
<b>For the three months ended 31 March 2018</b>			
Convenience stores	535,614	-	535,614
Others	74	174	248
Inter-segment elimination	-	(174)	(174)
	535,688	-	535,688

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

	<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>	
<b>Results</b>	<b>31.3.2019</b>	<b>31.3.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Convenience stores	26,950	14,623
Others	(642)	(285)
	<u>26,308</u>	<u>14,338</u>
Interest income	229	261
<b>Profit from operations</b>	<b>26,537</b>	<b>14,599</b>
Finance costs	(10,449)	(2,390)
<b>Profit before tax</b>	<b>16,088</b>	<b>12,209</b>
Income tax expense	(4,934)	(3,276)
<b>Net profit for the year</b>	<b>11,154</b>	<b>8,933</b>

**A11. PROPERTY, PLANT AND EQUIPMENT**

During the 3 months ended 31 March 2019, the Group acquired assets at costs of RM12.5 million (2017 : RM8.9 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 2018.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019  
 NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER	
		3 months ended 31.3.2019 RM'000	31.3.2018 RM'000
<b>With a subsidiary company</b>			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Advances to 7-Eleven Malaysia	251	249
	Interest expense on advances from 7-Eleven Malaysia	1,262	1,202
<b>With companies in which TSVT is deemed interested*</b>			
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 <sup>@</sup>	-	6,973
	Payments to MOL for reload transaction values for in-store services for sale of mobile phone, Touch'n Go and online game game reloads and bill payments <sup>@</sup>	-	458,607
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	3,438	3,111
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	53,584	49,661
	Receipts of payment from U Mobile for advertisement placement fees	1,960	1,878
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipts of payment from BChannel for advertisement placement fees	-	13

@ MOL ceased being a related party after 10 May 2018.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

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

Transacting party	Type of transaction	CUMULATIVE QUARTER	
		3 months ended 31.3.2019 RM'000	31.3.2018 RM'000
<b>With companies in which TSVT is deemed interested*</b>			
Sun Media Corporation Sdn. Bhd. ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	149	201
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	180	180
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	2,571	2,401
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payments to Berjaya Sompo for insurance premium	1,221	1,542
Nural Enterprise Sdn. Bhd. ("Nural")	Payments to Nural for rental of property	331	334
Berjaya Times Square Sdn. Bhd. ("BTS")	Payments to BTS for rental of property	182	226

**A14. CONTINGENT LIABILITIES**

The Group has bank guarantees amounting to RM7,441,823 (31 December 2018: RM7,344,318) 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 FIRST QUARTER ENDED 31 MARCH 2019**  
**NOTES TO THE INTERIM FINANCIAL REPORT**

**A15. CAPITAL COMMITMENTS**

	<b>The Group</b>	
	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31.3.2019</b>	<b>31.12.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Property, plant and equipment		
- approved and contracted for	7,875	7,265
- approved but not contracted for	79,259	99,749
	<u>87,134</u>	<u>107,014</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 FIRST QUARTER ENDED 31 MARCH 2019  
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 RM583.7 million grew by RM48.0 million or 9.0% against the corresponding quarter's revenue in the previous year of RM535.7 million. The growth in revenue continued to be driven by the growth in new stores, higher average spend per customer and better consumer promotion activity. Revenue from food service segment is above 3.5% of total revenue which grew more than 30.0% against the corresponding quarter.

Gross profit of RM210.7 million improved by RM17.5 million or 9.1% compared to the corresponding quarter in the previous year. This was mainly attributed to the increase in revenue, favourable sales mix, higher marketing income and improved logistics expenses recovery.

Selling and distribution expenses for the quarter increased by RM2.8 million or 1.8% against the corresponding quarter in the previous year. This was mainly due to new store expansion resulting in higher staff related costs and utilities costs, partially offset by the effect of adoption of MFRS 16 : Leases resulting in higher depreciation expenses and lower rental expenses.

Administrative and other operating expenses increased by RM3.0 million or 13.2% against the corresponding quarter in the previous year. This was mainly attributed to higher staff related costs in current quarter.

The increase in revenue and higher marketing income resulted in the Group's profit after tax of RM11.2 million, an increase of RM2.2 million or 24.9% as compared to the corresponding quarter. The adoption of MFRS 16 : Leases had reduced profit after tax by RM2.1 million. Excluding MFRS 16 : Leases, the Group would have achieved profit after tax of RM 13.8 million which is increased by RM4.3 million or 47.8% as compared to the corresponding quarter.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019  
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 recorded a lower profit before tax for the first quarter by RM5.0 million or 23.8% against the immediate preceding quarter mainly due to higher staff related cost and the effect of adoption of MFRS 16 : Leases.

**B3. PROSPECTS**

The Board of Directors is of the view that the trading conditions for the next quarter are expected to remain challenging. We will however 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 brand in the mind of customers through refreshed stores, innovations in our pricing, promotions, and developing exciting products.

**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 2019  
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

**B5. PROFIT FROM OPERATIONS**

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

	<b>CURRENT AND CUMULATIVE QUARTER 3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Amortisation of intangible assets	1,129	1,055
Amortisation of right of use	22,044	-
Depreciation of property, plant and equipment	14,609	15,061
Gain on disposal of property, plant and equipment	-	(15)
Impairment of goodwill	381	-
Interest income	(229)	(261)
Loss on foreign exchange translation differences	79	5
Property, plant and equipment written off	8	537
Provision for and write off of inventories	2,000	1,357
Provision for doubtful debts	500	-
	<u>500</u>	<u>-</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 2019.

**B6. TAXATION**

	<b>CURRENT AND CUMULATIVE QUARTER 3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax:		
Current period provision	5,014	5,038
Deferred tax:		
Relating to reversal of temporary differences	(80)	(1,762)
	<u>4,934</u>	<u>3,276</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 2019 were higher than the Malaysian's statutory tax rate mainly due to certain expenses not deductible under tax legislation.



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**B7. STATUS OF CORPORATE PROPOSALS**

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

**B8. GROUP BORROWINGS**

The Group borrowings which are denominated in Ringgit Malaysia ("RM") as at 31 March 2019 are as follows: -

	<b>Unaudited As at 31.03.2019 RM'000</b>	<b>Audited As at 31.12.2018 RM'000</b>
<b>Short term borrowings</b>		
<b>Secured:</b>		
Hire purchase liabilities	96	87
<b>Unsecured:</b>		
Bankers' acceptances	37,500	51,145
Term loan	17,100	16,071
Revolving credit	60,000	60,000
	<u>114,696</u>	<u>127,303</u>
<b>Long term borrowings</b>		
<b>Secured:</b>		
Hire purchase liabilities	287	211
<b>Unsecured:</b>		
Term loan	39,600	44,400
	<u>39,887</u>	<u>44,611</u>
<b>Total borrowings</b>		
Bankers' acceptances	37,500	51,145
Term loan	56,700	60,471
Revolving credit	60,000	60,000
Hire purchase liabilities	383	298
	<u>154,583</u>	<u>171,914</u>

**B9. MATERIAL LITIGATION**

There was no material litigation for the current financial period 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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**B11. EARNINGS PER SHARE**

	<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>	
	<b>31.03.2019</b>	<b>31.03.2018</b>
Net profit attributable to equity holders of the company (RM'000)	11,145	8,933
Weighted average number of ordinary shares in issue ('000)	1,121,640	1,110,385
Basic/diluted earnings per ordinary share (sen)	<u>0.99</u>	<u>0.80</u>

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