

7-Eleven Malaysia Holdings Berhad

(Company No: 1058531-W)

Date : 30 November 2018

Subject: UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2018

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2018	30.09.2017	30.09.2018	Restated* 30.09.2017
	RM'000	RM'000	RM'000	RM'000
Revenue	568,515	563,121	1,661,836	1,640,862
Cost of sales	<u>(384,420)</u>	<u>(384,419)</u>	<u>(1,123,770)</u>	<u>(1,123,379)</u>
Gross profit	184,095	178,702	538,066	517,483
Other operating income	38,401	34,441	102,199	94,475
Selling and distribution expenses	(172,915)	(166,222)	(507,175)	(486,943)
Administrative and other operating expenses	<u>(24,830)</u>	<u>(25,122)</u>	<u>(72,859)</u>	<u>(74,442)</u>
Profit from operations	24,751	21,799	60,231	50,573
Finance costs	<u>(2,554)</u>	<u>(2,596)</u>	<u>(7,494)</u>	<u>(6,633)</u>
Profit before tax	22,197	19,203	52,737	43,940
Income tax expense	<u>(5,440)</u>	<u>(3,107)</u>	<u>(13,915)</u>	<u>(9,688)</u>
Profit after tax	<u>16,757</u>	<u>16,096</u>	<u>38,822</u>	<u>34,252</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Revaluation of land and buildings	-	-	-	38,880
Deferred taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,571)</u>
Total other comprehensive income (net of taxation):	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,309</u>
Total comprehensive income for the financial period	<u>16,757</u>	<u>16,096</u>	<u>38,822</u>	<u>69,561</u>
Profit after tax attributable to:				
Equity holders of the Company	<u>16,757</u>	<u>16,096</u>	<u>38,822</u>	<u>34,252</u>
Total comprehensive income for the financial period				
Equity holders of the Company	<u>16,757</u>	<u>16,096</u>	<u>38,822</u>	<u>69,561</u>
Basic/diluted earnings per ordinary share (sen) (Note B11)	<u>1.48</u>	<u>1.45</u>	<u>3.46</u>	<u>3.08</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	The Group	
	Unaudited	Audited
	As at	As at
	30.09.2018	31.12.2017
	RM'000	RM'000
Assets		
Non-current assets		
Property, plant and equipment	335,474	350,404
Investment property	650	400
Intangible assets	35,055	35,298
Other investments	1	1
Goodwill	381	-
	<u>371,561</u>	<u>386,103</u>
Current assets		
Inventories	232,053	221,957
Sundry receivables	107,372	113,526
Tax recoverable	-	3,748
Cash and bank balances	93,864	69,634
	<u>433,289</u>	<u>408,865</u>
Total assets	<u>804,850</u>	<u>794,968</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	1,485,138	1,485,138
Capital reorganisation deficit	(1,343,248)	(1,343,248)
Assets revaluation reserve	40,784	40,784
Retained profits	62,143	81,985
	<u>244,817</u>	<u>264,659</u>
Treasury shares	(161,941)	(190,625)
	<u>82,876</u>	<u>74,034</u>
Non-controlling interest	146	-
Total equity	<u>83,022</u>	<u>74,034</u>
Non-current liabilities		
Provisions	7,665	7,400
Borrowings	48,912	42,400
Deferred tax liabilities	15,333	19,436
	<u>71,910</u>	<u>69,236</u>
Current liabilities		
Provisions	221	277
Borrowings	142,269	143,619
Trade payables	389,561	392,617
Other payables	117,850	115,184
Taxation	17	1
	<u>649,918</u>	<u>651,698</u>
Total liabilities	<u>721,828</u>	<u>720,934</u>
Total equity and liabilities	<u>804,850</u>	<u>794,968</u>
Net assets per share attributable to ordinary equity holders of the Company, based on number of outstanding shares in issue with voting rights (sen)	<u>7.39</u>	<u>6.67</u>

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Attributable to Equity Holders of the Company

	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Capital reorganisation deficit RM'000	Assets revaluation reserve RM'000	Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2018	1,485,138	-	(190,625)	(1,343,248)	40,784	81,985	74,034	-	74,034
Total comprehensive income	-	-	-	-	-	38,822	38,822	146	38,968
Dividends on ordinary shares	-	-	28,684	-	-	(58,664)	(29,980)	-	(29,980)
At 30 September 2018	1,485,138	-	(161,941)	(1,343,248)	40,784	62,143	82,876	146	83,022
At 1 January 2017									
As restated	123,338	1,361,800	(190,625)	(1,343,248)	-	84,066	35,331	-	35,331
Transfer pursuant to S618(2) of CA 2016 *	1,361,800	(1,361,800)	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	35,309	34,252	69,561	-	69,561
Dividends on ordinary shares	-	-	-	-	-	(52,188)	(52,188)	-	(52,188)
At 30 September 2017	1,485,138	-	(190,625)	(1,343,248)	35,309	66,130	52,704	-	52,704

Note:

* Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding share premium and capital redemption reserve accounts shall become part of Share Capital.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	CUMULATIVE QUARTER	
	9 months ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers and other receivables	1,812,163	1,744,611
Cash paid to suppliers and employees	(1,705,779)	(1,686,217)
Cash generated from operations	106,384	58,394
Interest paid	(7,494)	(6,633)
Tax paid	(14,257)	(11,510)
Net cash generated from operating activities	<u>84,633</u>	<u>40,251</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(35,191)	(37,782)
Purchase of intangible assets	-	(3,803)
Proceeds from disposal of property, plant and equipment	185	71
Acquisition of a subsidiary	(754)	-
Interest received	756	607
Net cash used in investing activities	<u>(35,004)</u>	<u>(40,907)</u>
Cash flows from financing activities		
Dividends paid on ordinary shares	(29,980)	(52,188)
Proceeds from bankers' acceptances	220,500	249,220
Proceeds from revolving credit	-	40,000
Proceeds from term loan	18,000	32,000
Repayment of bankers' acceptances	(225,800)	(245,683)
Repayment of term loans	(8,100)	(5,100)
Repayment of hire purchase and finance lease liabilities	(19)	(152)
Net cash (used in)/generated from financing activities	<u>(25,399)</u>	<u>18,097</u>
Net increase in cash and cash equivalents	24,230	17,441
Cash and cash equivalents at beginning of the financial quarter	<u>69,634</u>	<u>49,450</u>
Cash and cash equivalents at end of the financial quarter	<u>93,864</u>	<u>66,891</u>
Cash and cash equivalents at the end of the financial period comprises the following:-		
Cash and bank balances	92,719	60,259
Fixed deposits with licensed banks	1,145	6,632
	<u>93,864</u>	<u>66,891</u>

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A1. CORPORATE INFORMATION

7-Eleven Malaysia Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia.

The principal activity of the Company is investment holding.

The principal activities of its subsidiaries are in the operating and franchising of convenience stores under the "7-Eleven" brand name and investment holdings.

The Company and its subsidiaries are collectively referred to as the Group.

A2. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad. It should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2017.

The interim financial report is presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

A3. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted in the audited financial statements for the year ended 31 December 2017 except as follows:

On 1 January 2018, the Group adopted the following amended MFRSs mandatory for annual financial period beginning on or after 1 January 2018:

Description	Effective for annual financial periods beginning on or after
MFRS 9 : <i>Financial Instruments</i>	1 January 2018
MFRS 15 : <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 2 : <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 4 : <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	1 January 2018
Amendments to MFRS 140 : <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 : <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle:	
(i) Amendments to MFRS 1 : <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2018

Adoption of the above standards and interpretations did not have any significant impact on the financial performance or position of the Group.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A3. CHANGES IN ACCOUNTING POLICIES (CONT'D)

The standards, amendments to standards and IC Interpretation that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below:

Description	Effective for annual financial periods beginning on or after
MFRS 16 : <i>Leases</i>	1 January 2019
Amendments to MFRS 9 : <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 119 : <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128 : <i>Long-term Interests in Associates and Joint Venture</i>	1 January 2019
IC Interpretation 23 : <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle:	
(i) Amendments to MFRS 3 : <i>Business Combinations</i>	1 January 2019
(ii) Amendments to MFRS 11 : <i>Joint Arrangements</i>	1 January 2019
(iii) Amendments to MFRS 112 : <i>Income Taxes</i>	1 January 2019
(iv) Amendments to MFRS 123 : <i>Borrowing Costs</i>	1 January 2019
Amendments to MFRS 2 : <i>Share-Based Payment</i>	1 January 2020
Amendment to MFRS 3 : <i>Business Combinations</i>	1 January 2020
Amendments to MFRS 6 : <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2020
Amendment to MFRS 14 : <i>Regulatory Deferral Accounts</i>	1 January 2020
Amendments to MFRS 101 : <i>Presentation of Financial Statements</i>	1 January 2020
Amendments to MFRS 108 : <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2020
Amendments to MFRS 134 : <i>Interim Financial Reporting</i>	1 January 2020
Amendment to MFRS 137 : <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2020
Amendment to MFRS 138 : <i>Intangible Assets</i>	1 January 2020
Amendment to IC Interpretation 12 : <i>Service Concession Arrangements</i>	1 January 2020
Amendment to IC Interpretation 19 : <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2020
Amendment to IC Interpretation 20 : <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2020
Amendment to IC Interpretation 22 : <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2020
Amendments to IC Interpretation 132 : <i>Intangible Assets - Web Site Costs</i>	1 January 2020
MFRS 17 : <i>Insurance Contract</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 : <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group has not early adopted any of the new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning on or after 1 January 2018. The Group intend to adopt these standards, if applicable, when they become effective. The initial application of the new or revised MFRSs and Amendments to MFRSs, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impacts to the financial statements of the Group upon their initial adoption, other than MFRS 16 : *Leases* which will be effective from 1 January 2019. The adoption of MFRS 16 : *Leases* will have an effect on the classification and measurement of the Group's lease assets and liabilities.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Group typically experience higher customer count, transaction value and sales during weekends, public holidays, school holidays and festive periods such as Chinese New Year, Hari Raya, Deepavali and Christmas.

A5. ITEMS OF UNUSUAL NATURE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

A6. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial year that have had a material effect in the current financial period.

A7. CHANGES IN COMPOSITION OF THE GROUP

On 18 April 2018, Convenience Shopping (Sabah) Sdn. Bhd. ("CSSSB"), a subsidiary of 7-Eleven Malaysia Sdn. Bhd. ("7EMSB"), which in turn is wholly-owned by the Company, had entered into a SSA for the purpose of acquiring 123,004 ordinary shares in Café Decoral Sdn. Bhd. ("CDSB"), representing 60% equity interest in CDSB, at a purchase consideration of RM600,000 ("Proposed Acquisition"). The Proposed Acquisition has been completed on 28 September 2018.

A8. DEBT AND EQUITY SECURITIES

There were no issuances and repayments of debt and equity securities, share buy-backs, share cancellations and resales of treasury shares for the current financial period ended 30 September 2018 and period up to the date of this announcement.

A9. DIVIDEND PAID

During the financial period ended 30 September 2018, the Company paid a single tier cash dividend of 2.7 sen per ordinary share on 1,110,385,000 ordinary shares with voting rights and share dividend equivalent to 2.6 sen per share via distribution of 18,505,823 treasury shares on the basis of 1 treasury share for every 60 existing ordinary shares held. The entitlement date was fixed on 14 May 2018 and the cash dividend was paid on 24 May 2018. The treasury shares was credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn. Bhd. on 24 May 2018.

A10. SEGMENT REPORT

Segmental analysis for the financial period ended 30 September 2018 is as follows:

	External RM'000	Inter- segment RM'000	Total RM'000
Revenue			
For the nine months ended 30 September 2018			
Convenience stores	1,661,644	-	1,661,644
Others	192	523	715
Inter-segment elimination	-	(523)	(523)
	1,661,836	-	1,661,836
For the nine months ended 30 September 2017			
Convenience stores	1,640,646	-	1,640,646
Others	216	523	739
Inter-segment elimination	-	(523)	(523)
	1,640,862	-	1,640,862

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A10. SEGMENT REPORT (CONT'D)

	CUMULATIVE QUARTER	
	9 months ended	
	30.9.2018	Restated 30.9.2017
Results	RM'000	RM'000
Convenience stores	60,399	51,448
Others	(924)	(1,482)
	<u>59,475</u>	<u>49,966</u>
Interest income	756	607
Profit from operations	60,231	50,573
Finance costs	(7,494)	(6,633)
Profit before tax	52,737	43,940
Income tax expense	(13,915)	(9,688)
Net profit for the year	38,822	34,252

A11. PROPERTY, PLANT AND EQUIPMENT

During the 9 months ended 30 September 2018, the Group acquired assets at costs of RM35.2 million (2017 : RM37.8 million). The assets acquired comprise mainly of renovation, furniture, fittings, equipment and computer equipment.

A12. INVESTMENT PROPERTY

The valuation of investment property has been brought forward without amendment from the audited financial statements for the financial year ended 31 December 2017.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
 NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transacting party	Type of transaction	CUMULATIVE QUARTER 9 months ended	
		30.9.2018 RM'000	30.9.2017 RM'000
With a subsidiary company			
7-Eleven Malaysia Sdn Bhd ("7-Eleven Malaysia")	Advances to 7-Eleven Malaysia	(5,382)	(6,447)
	Interest expense on advances from 7-Eleven Malaysia	3,146	3,419
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	21,783	19,413
	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	1,510,494	660,812
U Mobile Sdn. Bhd. ("U Mobile")	Receipts of payment from U Mobile for commission for sale of mobile phone reloads	9,426	8,896
	Payments to U Mobile for reload transaction values for in-store services for sale of mobile phone reloads	151,113	143,775
	Receipts of payment from U Mobile for advertisement placement fees	5,634	5,125
Berjaya Channel Sdn. Bhd. ("BChannel")	Receipts of payment from BChannel for advertisement placement fees	38	38

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
 NOTES TO THE INTERIM FINANCIAL REPORT

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Transacting party	Type of transaction	CUMULATIVE QUARTER 9 months ended	
		30.9.2018 RM'000	30.9.2017 RM'000
With companies in which TSVT is deemed interested*			
Sun Media Corporation Sdn. Bhd. ("Sun Media")	Advertising fees on placement of advertisement in The Sun newspaper	709	550
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	<u>540</u>	<u>540</u>
Securexpress Services Sdn. Bhd. ("Securexpress")	Payments to Securexpress for fees relating to the delivery of merchandise to stores	<u>7,672</u>	<u>8,459</u>
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payments to Berjaya Sompo for insurance premium	<u>1,620</u>	<u>2,449</u>
Nural Enterprise Sdn. Bhd. ("Nural")	Payments to Nural for rental of property	<u>996</u>	<u>1,030</u>
Berjaya Times Square Sdn. Bhd. ("BTS")	Payments to BTS for rental of property	<u>488</u>	<u>418</u>

A14. CONTINGENT LIABILITIES

The Group has bank guarantees amounting to RM7,266,318 (31 December 2017: RM9,154,878) as security deposits in favour of various government and statutory bodies, and private companies.

The bank guarantee facility is granted to 7-Eleven Malaysia on a clean basis.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
NOTES TO THE INTERIM FINANCIAL REPORT

A15. CAPITAL COMMITMENTS

	The Group	
	Unaudited	Audited
	As at	As at
	30.9.2018	31.12.2017
	RM'000	RM'000
Property, plant and equipment		
- approved and contracted for	4,828	4,604
- approved but not contracted for	63,127	103,145
	<u>67,955</u>	<u>107,749</u>

A16. SUBSEQUENT EVENT

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B1. REVIEW OF THE PERFORMANCE OF THE GROUP

Review of Current Quarter Performance versus Corresponding Quarter Last Year

The Group's revenue for the current quarter of RM568.5 million grew by RM5.4 million or 1.0% against the corresponding quarter's revenue in the previous year of RM563.1 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.

Gross profit of RM184.1 million improved by RM5.4 million or 3.0% compared to the corresponding quarter in the previous year. This was mainly attributed to the increase in revenue and improvement in gross margin by 0.7% points. The improvement in gross margin was attributed to higher gross profit margins across most categories.

Selling and distribution expenses for the quarter increased by RM6.7 million or 4.0% against the corresponding quarter of the previous year. This was mainly due to new store expansion resulting in higher staff costs, rental costs, store depreciation and maintenance expenses.

The increase in revenue, gross margin improvement and other operating income resulted in the Group's profit after tax of RM16.8 million, an increase of RM0.6 million or 4.1% as compared to the corresponding quarter in previous year.

Review of 9 Months Period Performance versus Corresponding Period Last Year

For the 9 months ended 30 September 2018, the Group's revenue of RM1.66 billion grew RM21.0 million or 1.3% against the corresponding period in the previous year of RM1.64 billion. The growth in revenue was driven by the growth in new stores and consumer promotion activity.

Gross profit improved by RM20.6 mil or 4.0% compared to the corresponding period in the previous year. This was mainly attributed to the revenue growth and gross profit margin expansion of 0.9% points. Other operating income grew by RM7.7 million or 8.2% compared to the corresponding period in the previous year.

The Group's profit after tax recorded RM4.6 million or 13.3% increased against the corresponding period in the previous year driven by higher profit contribution amongst most product categories and higher other operating income.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR**

B2. MATERIAL CHANGES IN THE PROFIT BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED WITH THE IMMEDIATE PRECEDING QUARTER

The Group's profit before tax for the third quarter increased by 21.1% against the immediate preceding quarter mainly due to higher sales achieved, and higher other operating income, offset against higher sales and distribution expenses incurred in current quarter as compared to preceding quarter.

B3. PROSPECTS

The Board of Directors is of the view that the trading conditions for the next quarter are expected to improve with the anticipated heightened consumer sentiment. We expect to see further improvements in the next quarter by pursuing our core strategy pillars of Operations Excellence, Cost Management and Commercial Innovation.

B4. VARIANCE OF ACTUAL RESULTS FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group did not issue any profit forecast or profit estimate previously in any public document.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
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 9 months ended	
	30.09.2018	30.09.2017	30.09.2018	Restated 30.09.2017
	RM'000	RM'000	RM'000	RM'000
Interest income	(208)	(219)	(756)	(607)
Depreciation of property, plant and equipment	14,115	14,003	44,558	41,525
Property, plant and equipment written off	807	770	2,331	1,836
Amortisation of intangible assets	1,788	1,099	3,898	3,230
Provision for and write off of inventories	1,226	1,421	3,685	4,343
(Gain)/Loss on disposal of property, plant and equipment	(16)	24	64	(71)
Loss/(Gain) on foreign exchange translation differences	-	(3)	6	(42)
	<u>-</u>	<u>(3)</u>	<u>6</u>	<u>(42)</u>

Other than as presented in the condensed consolidated statements of comprehensive income and as disclosed above, there were no gain or loss on disposal of quoted or unquoted investments or properties, impairment of other assets, gain or loss on derivatives and exceptional items included in the results of the current quarter and financial period ended 30 September 2018.

B6. TAXATION

	CURRENT QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current period provision	6,892	10,486	18,793	17,735
Over provision in prior year	(775)	(2,845)	(775)	(2,845)
	<u>6,117</u>	<u>7,641</u>	<u>18,018</u>	<u>14,890</u>
Deferred tax:				
Relating to (reversal)/origination of temporary differences	(677)	(4,534)	(4,103)	(5,202)
	<u>(677)</u>	<u>(4,534)</u>	<u>(4,103)</u>	<u>(5,202)</u>
	<u>5,440</u>	<u>3,107</u>	<u>13,915</u>	<u>9,688</u>

Income tax expense is recognised based on management's best estimation. The Group's consolidated effective tax rates for the current quarter and financial year ended 30 September 2018 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 30 September 2018 are as follows: -

	Unaudited As at 30.09.2018 RM'000	Audited As at 31.12.2017 RM'000
Short term borrowings		
Secured:		
Hire purchase and finance lease liabilities	111	19
Unsecured:		
Bankers' acceptances	66,686	71,800
Term loan	15,472	11,800
Revolving credit	60,000	60,000
	<u>142,269</u>	<u>143,619</u>
Long term borrowings		
Secured:		
Hire purchase and finance lease liabilities	212	-
Unsecured:		
Term loan	48,700	42,400
	<u>48,912</u>	<u>42,400</u>
Total borrowings		
Bankers' acceptances	66,686	71,800
Term loan	64,172	54,200
Revolving credit	60,000	60,000
Hire purchase and finance lease liabilities	323	19
	<u>191,181</u>	<u>186,019</u>

B9. MATERIAL LITIGATION

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

B10. DIVIDEND

No dividend was declared or recommended for payment by the Company for the current quarter (previous corresponding quarter : Nil)

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B11. EARNINGS PER SHARE

	CURRENT QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30.09.2018	30.09.2017	30.09.2018	30.09.2017
Net profit attributable to ordinary shares (RM'000)	16,757	16,096	38,822	34,252
Weighted average number of ordinary shares in issue ('000)	1,128,891	1,110,385	1,120,999	1,110,385
Basic/diluted earnings per ordinary share (sen)	<u>1.48</u>	<u>1.45</u>	<u>3.46</u>	<u>3.08</u>

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