

**THE STORE CORPORATION BERHAD**  
**(Company No: 252670-P)**  
(Incorporation in Malaysia)

**NOTES TO INTERIM FINANCIAL STATEMENTS FOR  
THE PERIOD ENDED 30 JUNE 2014**

**A1. Basis of Preparation**

The condensed consolidated interim financial statements (“Report”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 30 September 2013. The explanatory notes attached to this Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 September 2013.

**A2. Significant Accounting Policies**

**A2.1 Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Interpretation (“IC Int”)**

The accounting policies adopted for this Report are consistent with those of the last audited financial statements for the financial year ended 30 September 2013, except for the adoption of the following:

**MFRSs, Amendments/Improvements to MFRSs and IC Int**

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard (“IAS”) 19 as amended by International Accounting Standards Board (“IASB”) in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements 2009 - 2011 Cycle	issued in July 2012
IC Int 20	Stripping Costs in the Production of A Surface Mine

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

## **A2.2 Standards issued but not yet effective**

At the date of authorisation of this Report, the following Malaysia Financial Reporting Standards ("MFRSs"), Amendments to MFRSs and IC Int were issued but not yet effective and have not been applied by the Group:

<b>MFRSs, Amendments to MFRSs and IC Interpretation</b>		<b>Effective date</b>
IC Int 21	Levies	1 January 2014
Amendments to MFRS 10,12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities	1 January 2014
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
MFRS 7	Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures	1 January 2015
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015

## **A3. Auditors' Report**

There were no qualifications on auditors' report of the audited financial statements for the financial year ended 30 September 2013.

## **A4. Seasonal or Cyclical Factors**

The business operations of the Group are normally performed better during major festive seasons.

## **A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cashflow**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter under review.

## **A6. Changes in estimates**

There were no material changes in the nature and amount of estimates reported in prior interim period of prior financial year that have a material effect in the current quarter results.

## **A7. Changes in Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares or resale of treasury shares during the current quarter under review.

## **A8. Dividends Paid**

There first and final single Tier dividend of 3.75% in respect of the financial year ended 30 September 2013 was paid on 19 June 2014.

#### **A9. Segmental Report**

No segmental analysis is prepared as the Group is primarily engaged in retail operations and related activities in Malaysia.

#### **A10. Valuation of Property, Plant and Equipment**

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review.

#### **A11. Related Party Transactions**

During the current financial quarter under review and up to the date of this announcement, the Group did not enter into any related party transactions of a revenue or trading nature that has not been included or exceeded the estimated value by 10% or more which had been mandated by the shareholders at the Annual General Meeting held on 28 March 2014.

#### **A12. Material Events Subsequent to the End of the Period**

There were no material events, which have arisen from the current financial quarter under review to the date of this announcement, which would substantially affect the current financial results of the Group.

#### **A13. Changes in the Composition of the Group**

The transaction on conditional Share Sale Agreement with Goldleaf Synergy Sdn Bhd for the disposal of 100,000 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital in SB Mall Sdn Bhd had been completed on 30 April 2014. Subsequently, SB Mall Sdn Bhd had ceased to be a wholly-owned subsidiary of the Company.

#### **A14. Contingent Liabilities and Contingent Assets**

As at 30 June 2014, the Company has given corporate guarantee amounting to RM108,612,000 in respect of banking facilities granted to its subsidiaries.

#### **A15. Capital Commitments**

As at 30 June 2014, the Group has no material capital commitments in respect of property, plant and equipment.

## **B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BHD MAIN MARKET LISTING REQUIREMENTS**

### **B1. Review of Performance of the Company and its Principal Subsidiaries**

For the quarter under review, the Group's revenue of RM386.74 million was marginal lower by 0.03% or RM138,000 lower than the revenue in previous corresponding quarter of RM386.88 million. However, the Group had recorded a profit before tax of RM6.27 million which was 106.15% higher than RM3.04 million in the previous corresponding quarter. The increase was mainly due to improvement in profit margin as well as saving in finance cost due to lower cost of financing. However, due to the reclassification of certain incomes to others incomes during the current quarter where these incomes were previously set-off against the operating expenses, therefore resulted the other incomes being increased during the quarter under review.

For the 9 months financial period ended 30 June 2014, the Group had achieved revenue of RM1,282.73 million, which was 5.62% or RM76.42 million lower than the revenue in previous corresponding period of RM1,359.15 million. However, profit before tax of RM29.01 million was 4.73% higher than the profit before tax of RM27.70 million in the previous corresponding period.

The decrease in revenue was mainly due to on-going programme to renovate, refurbish and upgrade certain outlets, shorter festive season sale captured as well as softening market. The increase in profit before tax was mainly due to improvement in profit margin as well as saving in finance cost due to lower cost of financing.

### **B2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter**

The Group's revenue for the current quarter under review was RM386.74 million, a decrease of 15.90% from the revenue in preceding quarter of RM459.85 million. Profit before tax for the current quarter under review was RM6.27 million, a decrease of 50.82% as compare to RM12.75 million recorded in the preceding quarter.

The drop in both revenue and profit before tax was mainly due to higher sales recorded during the Chinese New Year festive season in the preceding quarter compared to the absence of the festive seasons in the current quarter under review.

### **B3. Prospects for Current Financial Year**

The retail business environment is expected to remain challenging. Nevertheless, the Group will drive to rationalize its operations in an integrated and sustainable manner as well as improve productivity and efficiency across all aspect of its operations.

With this, the Group is confident to deliver a satisfactory financial performance for the current financial year.

### **B4. Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast nor profit guarantee during the current quarter under review.

## B5. Taxation

Taxation comprises:	30.06.2014 RM'000	30.06.2013 RM'000
<b><u>Tax Expense :</u></b>		
- Current year	12,314	11,746
- (Over)/Under provision in prior year	221	-
	-----	-----
	12,535	11,746
<b><u>Deferred Tax :</u></b>		
- Current year	-	-
- (Over)/Under provision in prior year	-	-
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	12,535	11,746
	=====	=====

The Company's effective tax rate is higher than the statutory tax rate as certain expenses are not deductible for tax purposes.

## B6. Note to the Statements of Comprehensive Income:

Profit before tax is arrived at after crediting/(charged) the following :

	Current quarter RM('000)	Current year to date RM('000)
(a) Interest income;	819	2,581
(b) Other income including investment income;	14,215	34,235
(c) Interest expense;	(2,168)	(7,655)
(d) Depreciation and amortization;	(9,159)	(27,292)
(e) Provision for and write off of receivables;	-	-
(f) Provision for and write off of inventories;	-	-
(g) Gain/(loss) on disposal of properties, plant and equipment;	4	10
(h) Gain/(loss) on disposal of investment in subsidiary ;	1,644	1,644
(i) Impairment of assets;	-	-
(i) Foreign exchange gain/(loss);	-	-
(j) Gain/(loss) on derivatives; and	-	-
(k) Exceptional items (with details).	-	-

## B7. Derivative Financial instruments

There were no derivative financial instruments as at 30 June 2014

## B8. Status of Corporate Proposals

There were no other corporate proposals announced by the Group but not completed as at 30 June 2014.

## B9. Group Borrowings

Total group borrowings as at 30 June 2014 are as follows:

	30.06.2014 RM'000	30.06.2013 RM'000
<b><u>Long term borrowings (Secured)</u></b>		
<b><u>Term Loans</u></b>		
Total outstanding balances	150,166	232,615
Repayments due within the next 12 months	(28,141)	(32,034)
	-----	-----
	122,025	200,581
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<b><u>Hire purchase and Finance lease liabilities</u></b>		
Total outstanding balances	-	-
Repayments due within the next 12 months	-	-
	-----	-----
	-	-
	-----	-----
Total	122,025	200,581
	=====	=====
<b><u>Short term borrowings</u></b>		
<b><u>(Secured)</u></b>		
Long term loans (current portion)	28,141	32,034
Bankers' acceptance	-	-
Bank overdrafts	-	-
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Total	28,141	32,034
	=====	=====

All borrowings are in Malaysian Ringgit.

## B11. Material Litigation

There is no material litigation to be disclosed or updated in this interim financial statement.

## B12. Dividend

No interim dividend has been recommended by the Board for the financial period ended 30 June 2014.

### B13. Earnings Per Share

Basic earnings per share is calculated by dividing the Group's net profit for the period by the weighted average number of ordinary shares in issue during the period, disclosed as follows:-

	<b>9 months Ended 30 June 2014 (RM'000)</b>	<b>9 months Ended 30 June 2013 (RM'000)</b>
(i) Net profit attribute to owners of the parent (RM'000)	16,480	15,955
(ii) Weighted average number of ordinary shares in issue ('000)	68,504	68,504
Basic earnings per share (sen)	24.10 =====	23.30 =====

The Company does not have any dilutive potential ordinary shares outstanding as at 30 June 2014. Accordingly, no diluted earnings per share are presented.

### B14. Disclosure of Realised and Unrealised Profit/loss

The breakdown of the retained profits of the Group as at 30 June 2014, into realised and unrealised profit/losses, is as follows:

	<b>9 months Ended 30 June 2014 (RM'000)</b>	<b>As at Financial Year Ended 30 September 2013 (RM'000)</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	641,861	625,384
- Unrealised	<u>(7,504)</u>	<u>(7,504)</u>
	634,357	617,880
less: Consolidation adjustments	<u>(241,944)</u>	<u>(239,378)</u>
Total retained profits as per statements of financial position	392,413 =====	378,502 =====

The determination of realised and unrealised profit is based on the Guidance on Special Matter No.1: *Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profit above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.