

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

**NOTES TO INTERIM FINANCIAL STATEMENTS FOR  
THE PERIOD ENDED 31 MARCH 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
Amendments to MFRS 101	Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income
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 was 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 were no dividends proposed or paid in this current quarter under review.

**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**

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.

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

Refer to Note A12, SB Mall Sdn Bhd ceased to be a wholly-owned subsidiary of the Company.

**A14. Contingent Liabilities and Contingent Assets**

There were no contingent assets or contingent liabilities since the end of the last annual reporting period.

**A15. Capital Commitments**

As at 31 March 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 RM459.85 million was 9.22% or RM46.70 million lower than the revenue in previous corresponding quarter of RM506.55 million. During the same quarter, the Group had recorded a profit before tax of RM12.75 million which was 18.11% lower than the profit before tax of RM15.57 million in the previous corresponding quarter. The decline in the revenue and profit before tax was mainly due to shorter period of the festive season sales captured as Chinese New Year fell in earlier this year compared to last year, as well as more cautious on customers spending due to inflationary pressure.

For the 6 months financial period ended 31 March 2014, the Group had achieved revenue of RM895.99 million, which was 7.85% or RM76.28 million lower than the revenue in previous corresponding period of RM972.27 million and profit before tax of RM22.74 million, which was 7.79% lower than the profit before tax of RM24.66 million in the previous corresponding period. The decrease was mainly due to on-going program to renovate, refurbish and upgrading certain outlets, shorter festive season sale captured and market softened as mentioned above.

### **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 RM459.85 million, an increase of 5.44% from the revenue in preceding quarter of RM436.14 million. Profit before tax for the current quarter under review was RM12.75 million, an increase of 27.76% as compare to RM9.98 million recorded in the preceding quarter.

The increase in revenue and profit before tax were mainly due to higher sales recorded during Chinese New Year festive season in the current quarter under review.

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

With the challenges lying ahead, the Group will continue to rationalize its operations in an integrated and sustainable manner. The Group also strive to generate positive returns to shareholders by streamlining our operations strategically, optimizing the utilization of resources, sharpening competitive edge, venturing and expanding growth spectrum, without compromising with governance and risk management.

Barring any unforeseen circumstances, the Board is expected 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:	31.03.2014 RM'000	31.03.2013 RM'000
<b><u>Tax Expense :</u></b>		
- Current year	8,809	9,274
- (Under)/Over provision in prior year	221	
	-----	-----
	9,030	9,274
<b><u>Deferred Tax :</u></b>		
- Current year	-	-
- (Under)/Over provision in prior year	-	-
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	9,030	9,274
	=====	=====

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;	1,071	1,762
(b) Other income including investment income;	11,308	20,020
(c) Interest expense;	(2,701)	(5,487)
(d) Depreciation and amortization;	(9,133)	(18,133)
(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;	15	6
(h) Gain/(loss) on disposal of investment;	-	-
(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 31 March 2014

## B8. Status of Corporate Proposals

Saved as disclosed in Note A12, there were no other corporate proposals announced by the Group but not completed as at 31 March 2014.

## B9. Group Borrowings

Total group borrowings as at 31 March 2014 are as follows:

	31.03.2014 RM'000	31.03.2013 RM'000
<b><u>Long term borrowings (Secured)</u></b>		
<b><u>Term Loans</u></b>		
Total outstanding balances	208,497	240,619
Repayments due within the next 12 months	(31,941)	(32,034)
	-----	-----
	176,556	208,585
	-----	-----
<b><u>Hire purchase and Finance lease liabilities</u></b>		
Total outstanding balances	-	-
Repayments due within the next 12 months	-	-
	-----	-----
	-	-
	-----	-----
Total	176,556	208,585
	=====	=====
<b><u>Short term borrowings</u></b>		
<b><u>(Secured)</u></b>		
Long term loans (current portion)	31,941	32,034
Bankers acceptance	-	-
Bank overdrafts	-	-
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Total	31,941	32,034
	=====	=====

All borrowings are in Malaysian Ringgit.

## B11. Material Litigation

Further to the announcement made on 15 March 2013 in respect of the suit filed between The Store (Terengganu) Sdn Bhd (“TST”) (a wholly owned subsidiary of The Company ) and ABI Construction Sdn Bhd (“ABI”). The Court ruled that ABI had breached the Tenancy Agreement and ordered to assess the damages by the Registrar and paid to TST accordingly. However, for the specific performance of tenancy claimed by TST was ruled out by the Court and TST has filed in an appeal for the specific performance to Court of Appeal and the hearing date has been fixed on 8 September 2014.

## B12. Dividend

No interim dividend has been recommended by the Board for the financial period ended 31 March 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>6 months Ended 31 March 2014 (RM'000)</b>	<b>6 months Ended 31 March 2013 (RM'000)</b>
(i) Net profit attribute to owners of the parent (RM'000)	13,712	15,385
(ii) Weighted average number of ordinary shares in issue ('000)	68,504	68,504
Basic earnings per share (sen)	20.02 =====	22.46 =====

The Company does not have any dilutive potential ordinary shares outstanding as at 31 March 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 31 March 2014, into realised and unrealised profit/losses, is as follows:

	<b>6 months Ended 31 March 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	639,093	625,384
- Unrealised	<u>(7,504)</u>	<u>(7,504)</u>
	631,589	617,880
less: Consolidation adjustments	<u>(239,375)</u>	<u>(239,378)</u>
Total retained profits as per statements of financial position	392,214 =====	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.