

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

**NOTES TO INTERIM FINANCIAL STATEMENTS FOR  
THE PERIOD ENDED 31 DECEMBER 2015**

**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 2015. 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 31 September 2015.

**A2. Significant Accounting Policies**

**Standards issued but not yet effective**

At the date of authorisation of this Report, the following Standards were issued but not yet effective and have not been applied by the Group:

**Effective for annual periods beginning on or after 1 January 2016**

MFRS 14 *Regulatory Deferral Accounts*

Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*

Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 101 *Disclosure Initiative*

Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*

Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

Amendments to MFRSs *Annual Improvements to MFRSs 2012–2014 Cycle*

**Effective for annual periods beginning on or after 1 January 2018**

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

MFRS 15 *Revenue from Contracts with Customer*

Amendments to MFRS 7 *Mandatory Date of MFRS 9 and Transition Disclosures*

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption except as mentioned below:

MFRS 15 replaces the guidance in MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Int 13 *Customer Loyalty Programmes*, IC Int 15 *Agreements for Construction of Real Estate*, IC Int 18 *Transfers of Assets from Customers* and IC Int 131 *Revenue – Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

**A3. Auditors' Report**

There were no qualifications on auditors' report of the audited financial statements for the financial year ended 30 September 2015.

**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 materials 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 was no dividend 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**

Refer to the announcement dated 22 January 2016, the Company's subsidiary, Pacific Hypermarket & Departmental Store Sdn Bhd has in the ordinary course of its business entered into an additional tenancy agreements with its existing related party, Dream Property Sdn Bhd for its operation business at Batu Pahat Mall. The Company may seek for shareholders' mandate at the coming Annual General Meeting.

During the current financial quarter under review and up to the date of this announcement, except as disclosed above, 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 2015.

**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**

There were no changes in the composition of the Group during the current quarter under review.

**A14. Contingent Liabilities and Contingent Assets**

There were no contingent assets or contingent liabilities since the end of the last quarter report period.

**A15. Capital Commitments**

As at 31 December 2015, 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**

#### Current quarter (1Q16) against corresponding quarter of last year (1Q15)

For the quarter under review, the Group had recorded revenue of RM358.69 million which was lower by 10.41% or RM41.67 million than the revenue in last year corresponding quarter of RM400.37 million. The Group had recorded a profit before tax of RM5.25 million which was 42.81 % lower than the RM9.18 million achieved in last year corresponding quarter.

The decrease in the revenue was due to weakening Ringgit, the post implementation of Goods and Service Tax and inflating cost of living have weakening the consumer sentiments. Accordingly, the profit before tax also decreased due to lower revenue recorded.

#### Current Quarter (1Q16) against preceding quarter (4Q15)

The Group's revenue for the current quarter under review was RM358.69 million, a decrease of 14.83% or RM62.47 million from the preceding quarter of RM421.16 million. However, the profit before tax for the current quarter under review was RM5.25 million, an increase of 42.81% or RM3.93 million as compare to RM1.69 million recorded in the preceding quarter.

The decrease in group revenue was due to higher sales recorded during the Hari Raya festive in the preceding quarter under review. The increase in profit before tax was attributed to improve in profit margin and the implementation of cost saving in operations.

### **B2. Commentary on Prospects**

In view of weakening Ringgit Malaysia, adjustment of post GST implementation and rising cost of living the Board expects the market conditions to remain challenging and competitive.

Despite the difficulties on economic condition, the Group will strike to ensure that it continues to achieve a satisfactory result in forthcoming financial year.

### **B3. Variance of Actual Profit from Forecast Profit**

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

**B4. Taxation**

Taxation comprises:	31.12.2015 RM'000	31.12.2014 RM'000
<b><u>Tax Expense :</u></b>		
- Current year	2,111	3,539
- (Over)/Under provision in prior year	-	-
	-----	-----
	2,111	3,539
<b><u>Deferred Tax :</u></b>		
- Current year	-	-
- (Over)/Under provision in prior year	-	-
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	2,111	3,539
	=====	=====

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

**B5. 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;	670	670
(b) Other income including investment income;	9,998	9,998
(c) Interest expense;	(1,520)	(1,520)
(d) Depreciation and amortization;	(7,974)	(7,974)
(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;	-	-
(h) Gain/(loss) on disposal of investment in subsidiary ;	-	-
(i) Impairment of assets;	-	-
(i) Foreign exchange gain/(loss);	-	-
(j) Gain/(loss) on derivatives; and	-	-
(k) Exceptional items (with details).	-	-

**B6. Derivative Financial instruments**

There were no derivative financial instruments as at 31 December 2015.

**B7. Status of Corporate Proposals**

There were no other corporate proposals announced by the Group but not completed as at 31 December 2015.

**B8. Group Borrowings**

Total group borrowings as at 31 December 2015 are as follows:

	31.12.2015 RM'000	31.12.2014 RM'000
<b><u>Long term borrowings (Secured)</u></b>		
<b><u>Term Loans</u></b>		
Total outstanding balances	107,910	136,017
Repayments due within the next 12 months	(28,093)	(28,112)
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	79,817	107,905
	-----	-----
<b><u>Hire purchase and Finance lease liabilities</u></b>		
Total outstanding balances	-	-
Repayments due within the next 12 months	-	-
	-----	-----
	-	-
	-----	-----
Total	79,817	107,905
	=====	=====
<b><u>Short term borrowings</u></b>		
<b><u>(Secured)</u></b>		
Long term loans (current portion)	28,093	28,112
Bankers' acceptance	-	-
Bank overdrafts	-	-
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Total	28,093	28,112
	=====	=====

All borrowings are in Malaysian Ringgit.

**B9. Material Litigation**

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

**B10. Dividend**

No interim dividend has been recommended by the Board for the financial period ended 31 December 2015.

## B11. 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>3 months Ended 31 December 2015 (RM'000)</b>	<b>3 months Ended 31 December 2014 (RM'000)</b>
(i) Net profit attribute to owners of the parent (RM'000)	3,144	5,649
(ii) Weighted average number of ordinary shares in issue ('000)	68,504	68,504
Basic earnings per share (sen)	4.60 =====	8.20 =====

The Company does not have any dilutive potential ordinary shares outstanding as at 31 December 2015. Accordingly, no diluted earnings per share are presented.

## B12. Disclosure of Realised and Unrealised Profit/loss

The breakdown of the retained profits of the Group as at 31 December 2015, into realised and unrealised profit/losses, is as follows:

	<b>3 months Ended 31 December 2015 (RM'000)</b>	<b>As at Financial Year Ended 30 September 2015 (RM'000)</b>
Total retained profits of the Company and its subsidiaries:		
- Realised	652,689	649,547
- Unrealised	<u>(7,255)</u>	<u>(7,255)</u>
	645,434	642,292
less: Consolidation adjustments	<u>(235,837)</u>	<u>(235,839)</u>
Total retained profits as per statements of financial position	409,597 =====	406,453 =====

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.