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**MR D.I.Y. GROUP (M) BERHAD**  
(Company No.: 201001034084 (918007-M))

INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

17 FEBRUARY 2021

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Revenue	768,332	617,131	2,559,315	2,275,587
Cost of sales	(439,033)	(344,007)	(1,467,819)	(1,311,894)
<b>Gross profit</b>	<b>329,299</b>	<b>273,124</b>	<b>1,091,496</b>	<b>963,693</b>
Other operating income	6,294	4,204	21,973	10,261
Administrative expenses	(40,582)	(22,092)	(102,931)	(70,455)
Other operating expenses	(136,938)	(110,210)	(485,830)	(402,867)
<b>Profit from operations</b>	<b>158,073</b>	<b>145,026</b>	<b>524,708</b>	<b>500,632</b>
Finance costs	(16,250)	(18,267)	(68,951)	(64,606)
Share of profit of an associate	663	332	1,918	1,707
<b>Profit before tax</b>	<b>142,486</b>	<b>127,091</b>	<b>457,675</b>	<b>437,733</b>
Income tax expense	(34,220)	(36,202)	(120,514)	(120,165)
<b>Profit for the period</b>	<b>108,266</b>	<b>90,889</b>	<b>337,161</b>	<b>317,568</b>
<b>Other comprehensive income/(loss)</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Gain/(Loss) on foreign currency translation	76	67	(7)	17
Other comprehensive income/(loss), net of tax	76	67	(7)	17
<b>Total comprehensive income for the period</b>	<b>108,342</b>	<b>90,956</b>	<b>337,154</b>	<b>317,585</b>
<b>Profit attributable to:</b>				
Owners of the Company	108,266	90,889	337,161	317,568
Non-controlling interests	-	-	-	-
	<b>108,266</b>	<b>90,889</b>	<b>337,161</b>	<b>317,568</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	108,342	90,956	337,154	317,585
Non-controlling interests	-	-	-	-
	<b>108,342</b>	<b>90,956</b>	<b>337,154</b>	<b>317,585</b>
<b>Basic earnings per share <sup>(3)</sup>(sen)</b>	<b>1.72</b>	<b>1.45</b>	<b>5.37</b>	<b>5.06</b>

**Notes:**

- (1) The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 6 October 2020 and the accompanying explanatory notes attached to the interim financial report.
- (2) Included in the "Administrative expenses" is one-off listing expenses of RM8.9 million and RM12.7 million in the individual quarter and cumulative quarter ended 31 December 2020 respectively.
- (3) Computed based on profit attributable to owners of the Company divided by the number of ordinary shares outstanding of 6,276,600,000 after completion of the Initial Public Offering ("IPO") of the Company.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION <sup>(1)</sup>**

	<b>Unaudited As at 31/12/2020 RM'000</b>	<b>Audited As at 31/12/2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	436,331	354,035
Intangible assets	5,041	3,731
Right-of-use assets	879,422	690,468
Investment in an associate	6,226	4,758
Deferred tax assets	17,273	11,859
	<u>1,344,293</u>	<u>1,064,851</u>
<b>Current assets</b>		
Inventories	690,047	496,646
Trade and other receivables	127,754	121,802
Cash and bank balances	90,885	140,671
	<u>908,686</u>	<u>759,119</u>
<b>TOTAL ASSETS</b>	<u>2,252,979</u>	<u>1,823,970</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	295,625	1,970
Reserves	581,051	338,504
<b>TOTAL EQUITY</b>	<u>876,676</u>	<u>340,474</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	20,761	611,541
Lease liabilities	813,612	632,690
Provision for restoration costs	16,008	14,218
Deferred tax liabilities	2,324	2,338
	<u>852,705</u>	<u>1,260,787</u>
<b>Current liabilities</b>		
Trade and other payables	119,925	81,798
Borrowings	242,823	11,814
Lease liabilities	120,770	94,214
Provision for restoration costs	536	510
Current tax liabilities	39,544	34,373
	<u>523,598</u>	<u>222,709</u>
<b>TOTAL LIABILITIES</b>	<u>1,376,303</u>	<u>1,483,496</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,252,979</u>	<u>1,823,970</u>
<b>Net assets per share attributable to owners of the Company (sen)<sup>(2)</sup></b>	<u>13.97</u>	<u>5.42</u>

**Notes:**

(1) The condensed consolidated statements of financial position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 6 October 2020 and the accompanying explanatory notes attached to the interim financial report.

(2) Computed based on total equity divided by the number of ordinary shares outstanding of 6,276,600,000.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY <sup>(1)</sup>**

	Share capital RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Share option reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2020</b>	1,970	(117,450)	59	-	455,895	340,474
Net profit for the period	-	-	-	-	337,161	337,161
Other comprehensive loss	-	-	(7)	-	-	(7)
<b>Total comprehensive income</b>	-	-	(7)	-	337,161	337,154
<b>Transactions with owners</b>						
Issuance of shares	301,540	-	-	-	-	301,540
Share issuance expenses	(7,885)	-	-	-	-	(7,885)
Dividends paid	-	-	-	-	(95,819)	(95,819)
Share option expense	-	-	-	1,212	-	1,212
<b>Total transactions with owners</b>	293,655	-	-	1,212	(95,819)	199,048
<b>At 31 December 2020</b>	295,625	(117,450)	52	1,212	697,237	876,676
<b>At 1 January 2019</b>	1,970	(117,450)	42	-	640,000	524,562
Net profit for the period	-	-	-	-	317,568	317,568
Other comprehensive income	-	-	17	-	-	17
<b>Total comprehensive income</b>	-	-	17	-	317,568	317,585
<b>Transactions with owners</b>						
Dividends paid	-	-	-	-	(501,673)	(501,673)
<b>Total transactions with owners</b>	-	-	-	-	(501,673)	(501,673)
<b>At 31 December 2019</b>	1,970	(117,450)	59	-	455,895	340,474

**Note:**

- (1) The condensed consolidated statements of changes in equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 6 October 2020 and the accompanying explanatory notes attached to the interim financial report.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS <sup>(1)</sup>**

	<b>CUMULATIVE QUARTER</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	457,675	437,733
Adjustments for:		
Amortisation of intangible assets	1,192	917
Depreciation of property, plant and equipment	52,309	41,685
Depreciation of right-of-use assets	119,142	96,201
Interest expense	68,951	64,606
Interest income	(3,167)	(3,120)
Other non-cash items	12,233	28,211
Operating profit before changes in working capital	708,335	666,233
Changes in working capital:		
Inventories	(218,135)	(109,394)
Trade and other receivables	(5,953)	(40,624)
Trade and other payables	21,676	(1,716)
Cash generated from operations	505,923	514,499
Tax paid	(120,770)	(111,614)
Tax refunded	-	409
Net cash from operating activities	385,153	403,294
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additional investment in a subsidiary	-	(104,842)
Dividends received from an associate	450	300
Interest income received	3,167	3,120
Purchase of property, plant and equipment	(119,918)	(115,076)
Purchase of intangible assets	(2,130)	(1,853)
Proceeds from disposal of property, plant and equipment	921	487
Proceeds from disposal of intangible assets	-	2
Net cash used in investing activities	(117,510)	(217,862)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(95,819)	(501,673)
Drawdowns of term loans	-	400,000
Drawdowns of revolving credits	212,666	200,000
Interest expense paid on:		
-borrowings	(22,382)	(24,661)
-lease liabilities	(45,520)	(37,373)
Payments of lease liabilities	(86,915)	(78,380)
Withdrawal from/(Placements in) restricted bank balances	8,082	(8,082)
Proceeds from share issuance	301,540	-
Shares issuance expenses	(7,885)	-
Repayments of hire purchase creditors	(395)	(701)
Repayments of term loans	(403,715)	(9,408)
Repayments of revolving credits	(188,000)	(50,600)
Withdrawals/(Placements) of deposits with a licensed bank with original maturity of more than three (3) months	104	(3)
Net cash used in financing activities	(328,239)	(110,881)
Net (decrease)/increase in cash and cash equivalents	(60,596)	74,551
Effects of exchange rate changes on cash and cash equivalents	(7)	(60)
Cash and cash equivalents at the beginning of financial period	125,376	50,885
Cash and cash equivalents at the end of financial period	64,773	125,376

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS <sup>(1)</sup> (continued)**

	CUMULATIVE QUARTER	
	31/12/2020	31/12/2019
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	62,884	71,341
Deposits with licensed banks	28,001	69,330
	<u>90,885</u>	<u>140,671</u>
Less: Deposits with a licensed bank with original maturity of more than three (3) months	-	(104)
Less : Restricted bank balances	-	(8,082)
Less : Bank overdraft included in borrowings	<u>(26,112)</u>	<u>(7,109)</u>
	<u>64,773</u>	<u>125,376</u>

**Note:**

- (1) The condensed consolidated statements of changes in cash flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 6 October 2020 and the accompanying explanatory notes attached to the interim financial report.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**1. Basis of Preparation**

The interim financial report of Mr D.I.Y. Group (M) Berhad (the "Company") and its subsidiaries (collectively, the "Group") is unaudited and has been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 6 October 2020 and the accompanying explanatory notes attached to the interim financial report.

**2. Accounting Policies**

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the Audited Financial Statements of the Group for the financial year ended 31 December 2019 except for the adoption of the following new accounting standards, amendments and interpretation:

**2.1 New MFRS adopted during the financial period**

<b>Title</b>	<b>Effective Date</b>
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopted)
Amendments to MFRS 4 <i>Insurance Contract-Extension of the Temporary Exemption from Applying MFRS9</i>	17 August 2020 (effective immediately)

The Group has early adopted Amendment to MFRS 16 and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and in similar circumstances. Consequently, the Group do not recognise changes in these lease payments as lease modifications and instead, recognise these as variable lease payments in profit or loss. The effects of early adoption of the Amendment resulted in variable lease payments arising from COVID-19 related rent concessions recognised in other operating income as follows:

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rent concessions	2,441	N/A	10,448	N/A

**Note:**  
 N/A Not applicable.

**3. Auditors' Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2019.

**4. Seasonal or Cyclical Factors**

The business operations of the Group typically experience higher customer traffic, transaction value and sales during weekends, public holidays, school holidays and festive periods.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

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

**6. Material Changes in Estimates**

There was no changes in estimates of amounts reported that have a material effect in the current quarter and financial period under review.

**7. Debts and Equity Securities**

	Number of ordinary shares '000	Amount RM'000
<b>Issued share capital:</b>		
As at 1 January 2020	10	1,970
Issuance of shares	60,872	100
	<u>60,882</u>	<u>2,070</u>
Subdivision of 1 existing ordinary share to 100 new ordinary shares	6,088,200	2,070
Public issue	188,400	301,440
Share issuance expenses	-	(7,885)
As at 31 December 2020	<u>6,276,600</u>	<u>295,625</u>

On 23 September 2020, the Company issued and allotted 60,872,000 new ordinary shares in the Company to the shareholders of the Company (except for Mr D.I.Y. Holdings (M) Sdn. Bhd. (“MDHM”)) and the shareholders of MDHM and/or their investment holding companies at a total consideration of RM100,000 (“Share Issuance”) to facilitate the re-organisation of the shareholding structure whereby the interests in the Company are held directly by the shareholders of MDHM and/or their investment holding companies together with Hyptis Limited. Upon completion of the Share Issuance, the total number of ordinary shares increased from 10,000 to 60,882,000 shares.

Upon completion of the Share Issuance, the Company had carried out a subdivision of 1 existing ordinary share in the Company to 100 new ordinary shares in the Company (“Subdivision”) on 23 September 2020. Upon completion of the Subdivision, the total number of ordinary shares in the Company increased to 6,088,200,000 shares.

On 26 October 2020, the Company had a public issue of 188,400,000 new ordinary shares in conjunction with the IPO of the Company.

**8. Dividend**

	RM'000
In respect of the financial year ended 31 December 2020:	
Interim single tier dividend of RM5,000.00 per ordinary share, paid on 30 July 2020	50,000
Interim single tier dividend of RM0.0073 per ordinary share, paid on 18 December 2020	45,819
	<u>95,819</u>

Declared

On 17 February 2021, the Company declared an interim single tier dividend of RM0.007 per ordinary share in respect of the financial year ended 31 December 2020, to be paid on 8 April 2021 to shareholders of the Company whose names appear in the Record of Depositors on 12 March 2021.



**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**9. Segment reporting**

The Group is organised into two (2) reportable segments based on their geographical locations. The reportable segments are summarised as follows:

- (i) Malaysia; and
- (ii) Brunei

The segmental information for the financial period ended 31 December 2020 is as follows:

	<b>Malaysia RM'000</b>	<b>Brunei RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>				
Sales to external customers	2,535,294	24,021	-	2,559,315
Inter-segment sales	10,793	-	(10,793)	-
<b>Total revenue</b>	<b>2,546,087</b>	<b>24,021</b>	<b>(10,793)</b>	<b>2,559,315</b>
<b>Results</b>				
Profit from operations	523,643	8,794	(7,729)	524,708
Interest expense	(68,359)	(592)	-	(68,951)
Share of profit of an associate	1,918	-	-	1,918
Profit before tax	457,202	8,202	(7,729)	457,675
Income tax expense	(119,416)	(1,125)	27	(120,514)
<b>Net profit for the financial period</b>	<b>337,786</b>	<b>7,077</b>	<b>(7,702)</b>	<b>337,161</b>
<b>Segment assets</b>	<b>2,224,692</b>	<b>28,998</b>	<b>(711)</b>	<b>2,252,979</b>
<b>Segment liabilities</b>	<b>1,358,723</b>	<b>17,940</b>	<b>(360)</b>	<b>1,376,303</b>

The segmental information for the financial period ended 31 December 2019 is as follows:

	<b>Malaysia RM'000</b>	<b>Brunei RM'000</b>	<b>Eliminations RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>				
Sales to external customers	2,255,598	19,989	-	2,275,587
Inter-segment sales	7,104	-	(7,104)	-
<b>Total revenue</b>	<b>2,262,702</b>	<b>19,989</b>	<b>(7,104)</b>	<b>2,275,587</b>
<b>Results</b>				
Profit from operations	493,523	7,041	68	500,632
Interest expense	(63,982)	(624)	-	(64,606)
Share of profit of an associate	1,707	-	-	1,707
Profit before tax	431,248	6,417	68	437,733
Income tax expense	(119,347)	(589)	(229)	(120,165)
<b>Net profit for the financial period</b>	<b>311,901</b>	<b>5,828</b>	<b>(161)</b>	<b>317,568</b>
<b>Segment assets</b>	<b>1,801,554</b>	<b>23,395</b>	<b>(979)</b>	<b>1,823,970</b>
<b>Segment liabilities</b>	<b>1,472,420</b>	<b>11,793</b>	<b>(717)</b>	<b>1,483,496</b>

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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**10. Property, Plant and Equipment**

(a) Acquisitions and disposals

On 29 December 2020, the Group has completed the acquisition of the freehold industrial land together with a warehouse building for purchase consideration of RM17.8 million for the purpose of expanding the Group's warehousing facilities.

On 15 January 2021, the Group completed the acquisition of the leasehold industrial land for purchase consideration of RM12.6 million for the purpose of expanding the Group's warehousing facilities.

There was no material disposals of property, plant and equipment during the current quarter and financial period under review.

(b) Valuation

There was no valuation of property, plant and equipment in the current quarter and financial period under review as the Group has not adopted a revaluation policy on its property, plant and equipment.

**11. Capital Commitments**

Capital expenditure in respect of purchase of property, plant and equipment:

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
- Approved but not contracted for	108,150	78,800
- Contracted but not provided for	50,468	40,320
	<u>158,618</u>	<u>119,120</u>

**12. Material Events Subsequent to the End of Financial Period**

On 15 January 2021, the Group completed the acquisition of the leasehold industrial land for purchase consideration of RM12.6 million for the purpose of expanding the Group's warehousing facilities.

Save as disclosed above, there was no material event subsequent to the end of the current quarter up to the date of the interim financial report.

**13. Changes in the Composition of the Group**

There was no material changes in the composition of the Group during the current quarter and financial period under review.

**14. Changes in Contingent Liability**

There was no material contingent liability as at the end of the current financial period and up to the date of the interim financial report.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**15. Significant Related Party Transactions**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
<b>Associate:</b>				
Purchases of equipment and computer software	2,804	1,742	6,020	5,147
Purchases of goods	1,433	781	3,384	2,959
<b>Companies in which certain Directors have financial interests:</b>				
Sales of goods	7,936	4,634	23,905	15,886
Management fees	778	-	3,950	-
Reimbursable expenses paid on behalf	85	959	205	3,478

The related party transactions described above were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

**16. Fair Value of Financial Liabilities**

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

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**17. Performance Review**

**4QFY2020 vs 4QFY2019**

The Group reported revenue of RM768.3 million for the quarter ended 31 December 2020, an increase of RM151.2 million or 24.5% compared to the corresponding period in 2019. The higher revenue was mainly driven by an increase in average monthly sales per store, as well as sales contribution from the 141 net new stores added during the year. As at 31 December 2020, the Group's retail store network stood at 734 stores.

Gross profit for the quarter ended 31 December was RM329.3 million, an increase of RM56.2 million or 20.6% compared to the corresponding period in 2019, mainly attributed to higher revenue growth. GP margin during the quarter was 42.9% compared to 44.3% in the corresponding period in 2019. The higher GP margin in the latter was mainly due to higher annual purchase incentives recognised in the 4th quarter of 2019. In the beginning of 2020, annual purchase incentives are recognised monthly on an accrued basis, rather than annually in December, as practiced in prior years.

The Group also recorded approximately RM6.3 million in other operating income for the quarter ended 31 December 2020, mainly attributed to rental concessions of approximately RM2.4 million received from stores due to mandatory closures during the Movement Control Order ("MCO") in March and April 2020.

Administrative and operating expenses increased by 83.7% and 24.3%, respectively for the quarter ended 31 December 2020 versus the corresponding period in 2019, mainly due to higher staff costs as a result of business expansion, costs related to the application of business licences, marketing and promotional activities, depreciation of right-of-use assets and one-off listing expenses of RM8.9 million incurred during the current quarter.

Profit before tax ("PBT") and profit after tax ("PAT") for the quarter ended 31 December 2020 increased by 12.1% and 19.1%, respectively to RM142.5 million and RM108.3 million, respectively versus the corresponding period in 2019, consistent with the above-mentioned factors.

**Financial review for current financial year-to-date ("YTD") vs preceding year's corresponding financial YTD**

The Group reported a cumulative revenue of RM2.6 billion for the financial year ended December 2020, 12.5% higher compared to revenue of RM2.3 billion in the preceding year. This came on the back of the strong performance during the second half of the year, despite the mandatory closure of stores during the MCO, and positive contribution from new stores added during the year.

Correspondingly, gross profit for the financial period rose 13.3% year-on-year ("y-o-y") to RM1.1 billion driven by higher revenue and GP margin, which expanded 0.3% to 42.6%.

The Group also reported higher other operating income of RM22.0 million for the year ended 31 December 2020, compared to RM10.3 million in the preceding year, mainly due to rental concessions of approximately RM10.4 million received by stores due to mandatory closures during the MCO period and management fees of RM3.9 million pursuant to the consultancy and shared functions agreement for services provided to related parties of the Group.

Administrative and operating expenses increased 46.1% and 20.6% y-o-y, respectively primarily attributed to business expansion which resulted in an increase in staff costs, costs related to application of business licences, marketing and promotion activities, depreciation of right of use assets and one-off listing expenses of approximately RM12.7 million.

Consequently, PBT and PAT increased by 4.6% and 6.2% y-o-y, respectively to RM457.7 million and RM337.2 million, respectively during the current period as compared to preceding year.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**18. Comparison With Immediate Preceding Quarter's Results**

The Group registered revenue of RM768.3 million and profit before tax of RM142.5 million as compared to revenue of RM740.2 million and profit before tax of RM155.5 million reported in the immediate preceding quarter. The revenue was RM28.1 million or 3.8% higher in the current quarter mainly due to an increase in number of stores, whereas the profit before tax decreased by RM13.0 million or 8.4% mainly due to higher listing expenses incurred in the current quarter.

**19. Prospects**

Global equity markets continued its rebound towards the end of 2020, on the back of roll out of vaccines globally, amidst rising COVID-19 cases. The International Monetary Fund ("IMF") however downgraded its growth forecasts, with the world economy expected to shrink by 4.4% in 2020. Bank Negara Malaysia has kept Malaysia's 2020 gross domestic product (GDP) contraction forecast at between 3.5% to 5.5%. The country's GDP is expected to recover in 2021 and to grow in the range of 6.5%-7.5%, similar to the Ministry of Finance's forecast and also in line with multilateral institutions such as the IMF and the World Bank.

Despite the headwinds brought on by the ongoing COVID-19 pandemic, the Group's remains positive of its prospects going forward premised on our affordable prices, breadth of products, the convenience of its 700+ outlets nationwide, and promise of "Always Low Prices". Our e-commerce platform has further strengthened the brand's resonance with the Malaysian public, making us the preferred one-stop shop for all their home improvement needs.

The Group remains committed to providing sustainable growth and long-term stakeholder value. In 2020, the Group achieved its target for new stores, opening 112, 23, and 14 new MR DIY, MR TOY and MR Dollar stores respectively. For the year ahead, we expect to open an aggregate of 175 new stores across these three brands.

**20. Variance of Actual Profit from Profit Forecast or Profit Guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

**21. Status of Corporate Proposal**

There was no corporate proposal announced but not completed as at the date of this interim financial report.

**22. Utilisation of Proceeds From IPO**

The status of utilisation of proceeds from IPO as at 31 December 2020 is as follows:

Details of use of proceeds	Proposed	Actual	Re-	Balance	Estimated timeframe for use from the date of Listing
	utilisation	utilisation	allocation	unutilised	
	RM'000	RM'000	RM'000	RM'000	
Repayment of bank borrowings	276,140	(277,077)	937	-	Within 6 months
Defray fees and expenses for IPO and Listing	25,300	(24,363)	(937)	-	Within 6 months
<b>Total</b>	<b>301,440</b>	<b>(301,440)</b>	<b>-</b>	<b>-</b>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 6 October 2020.

The unutilised balance of RM937,000 allocated for estimated defray fees and expenses for IPO and Listing had been re-allocated to repayment of bank borrowings during the financial year.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**23. Profit Before Tax**

Profit before tax for the current quarter and current year is arrived at after charging/(crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	338	267	1,192	917
Depreciation of property, plant and equipment	14,663	11,542	52,309	41,685
Depreciation of right-of-use assets	32,829	26,156	119,142	96,201
Interest income	(879)	(599)	(3,167)	(3,120)
Inventory losses	4,525	4,096	16,780	18,338
Inventories written off	2,313	3,917	7,952	13,729
Gain on disposal of property, plant and equipment	(220)	(87)	(370)	(306)
Loss/(Gain) on reassessments and modifications of leases	469	1,404	(67)	(473)
Realised gain on foreign exchange	(3)	(89)	(65)	(234)
Unrealised loss on foreign exchange	36	262	-	65

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

**24. Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Current year tax expense				
- current period	38,170	36,637	127,393	121,390
- over provision in prior years	(1,549)	-	(1,451)	(2,286)
	<u>36,621</u>	<u>36,637</u>	<u>125,942</u>	<u>119,104</u>
Deferred tax				
- relating to origination and reversal of temporary differences	(2,580)	(805)	(6,101)	(2,238)
- under provision in prior years	179	370	673	3,299
	<u>(2,401)</u>	<u>(435)</u>	<u>(5,428)</u>	<u>1,061</u>
Tax expense	<u>34,220</u>	<u>36,202</u>	<u>120,514</u>	<u>120,165</u>
Effective tax rate	<u>24.0%</u>	<u>28.5%</u>	<u>26.3%</u>	<u>27.5%</u>

The tax charge for the Group reflects an effective tax rate which is higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**

**25. Borrowings**

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
<b>Non-current liabilities</b>		
<b>Secured</b>		
Revolving credits	-	187,000
Hire purchase creditors	2,349	2,141
Term loans	18,412	422,400
	<u>20,761</u>	<u>611,541</u>
<b>Current liabilities</b>		
<b>Secured</b>		
Bank overdraft	26,112	7,109
Revolving credits	211,666	-
Hire purchase creditors	500	433
Term loans	4,545	4,272
	<u>242,823</u>	<u>11,814</u>
<b>Total borrowings</b>		
Bank overdraft	26,112	7,109
Revolving credits	211,666	187,000
Hire purchase creditors	2,849	2,574
Term loans	22,957	426,672
	<u>263,584</u>	<u>623,355</u>

The above borrowings are denominated in Ringgit Malaysia.

**26. Derivatives**

There was no derivatives in the current quarter and financial period under review.

**27. Material Litigation**

There is no material litigation for the current financial period to date.

**28. Earnings Per Share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Profit attributable to owners of the Company (RM'000)	108,266	90,889	337,161	317,568
Weighted average number of ordinary shares in issue ('000) <sup>(1)</sup>	6,276,600	6,276,600	6,276,600	6,276,600
Basic earnings per ordinary share (sen)	1.72	1.45	5.37	5.06
Diluted earnings per ordinary share (sen) <sup>(2)</sup>	1.72	1.45	5.37	5.06

**Notes:**

- (1) Based on number of ordinary shares of 6,276,600,000 after completion of the IPO of the Company.
- (2) The diluted earnings per ordinary share equal basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the interim financial period.