



**Always Low Prices**

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

INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2022

4 AUGUST 2022

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	1,048,734	759,818	1,953,897	1,629,999
Cost of sales	(619,260)	(444,481)	(1,169,669)	(948,208)
<b>Gross profit</b>	<b>429,474</b>	<b>315,337</b>	<b>784,228</b>	<b>681,791</b>
Other operating income	5,770	3,870	10,627	7,747
Administrative expenses	(40,420)	(28,775)	(73,583)	(60,243)
Other operating expenses	(197,358)	(163,109)	(374,306)	(316,725)
<b>Profit from operations</b>	<b>197,466</b>	<b>127,323</b>	<b>346,966</b>	<b>312,570</b>
Finance costs	(15,401)	(15,296)	(30,545)	(30,713)
Share of profit of an associate	1,228	524	1,394	1,375
<b>Profit before tax</b>	<b>183,293</b>	<b>112,551</b>	<b>317,815</b>	<b>283,232</b>
Income tax expense	(48,106)	(30,417)	(82,127)	(76,308)
<b>Profit for the period</b>	<b>135,187</b>	<b>82,134</b>	<b>235,688</b>	<b>206,924</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Gain on foreign currency translation	302	27	396	169
Other comprehensive income, net of tax	302	27	396	169
<b>Total comprehensive income for the period</b>	<b>135,489</b>	<b>82,161</b>	<b>236,084</b>	<b>207,093</b>
<b>Profit attributable to:</b>				
Owners of the Company	135,187	82,134	235,688	206,924
Non-controlling interests	-	-	-	-
	<b>135,187</b>	<b>82,134</b>	<b>235,688</b>	<b>206,924</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	135,489	82,161	236,084	207,093
Non-controlling interests	-	-	-	-
	<b>135,489</b>	<b>82,161</b>	<b>236,084</b>	<b>207,093</b>
<b>Basic earnings per share (sen)</b>	<b>1.43</b>	<b>0.87<sup>(2)</sup></b>	<b>2.50</b>	<b>2.20<sup>(2)</sup></b>
<b>Diluted earnings per share (sen)</b>	<b>1.43</b>	<b>0.87<sup>(2)</sup></b>	<b>2.49</b>	<b>2.19<sup>(2)</sup></b>

**Notes:**

(1) The condensed consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

(2) For comparative purpose, the earnings per share for individual and cumulative quarter ended 30 June 2021 had been adjusted retrospectively to reflect the bonus issue of ordinary shares which was completed on 24 June 2022.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

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

	<b>Unaudited As at 30/06/2022 RM'000</b>	<b>Audited As at 31/12/2021 RM'000</b>
<b>ASSETS</b>		
<b><i>Non-current assets</i></b>		
Property, plant and equipment	595,725	531,225
Intangible assets	6,440	6,202
Right-of-use assets	1,147,084	1,057,294
Investment in an associate	8,560	7,893
Deferred tax assets	11,808	13,716
	<u>1,769,617</u>	<u>1,616,330</u>
<b><i>Current assets</i></b>		
Inventories	809,358	748,938
Trade and other receivables	174,214	140,274
Current tax assets	7,339	2,407
Cash and bank balances	147,689	192,650
	<u>1,138,600</u>	<u>1,084,269</u>
<b>TOTAL ASSETS</b>	<u>2,908,217</u>	<u>2,700,599</u>
<b>EQUITY AND LIABILITIES</b>		
<b><i>Equity attributable to owners of the Company</i></b>		
Share capital	310,964	303,412
Reserves	981,473	845,780
<b>TOTAL EQUITY</b>	<u>1,292,437</u>	<u>1,149,192</u>
<b>LIABILITIES</b>		
<b><i>Non-current liabilities</i></b>		
Borrowings	13,905	16,191
Lease liabilities	1,050,227	968,349
Provision for restoration costs	22,222	20,340
Deferred tax liabilities	10,555	8,148
	<u>1,096,909</u>	<u>1,013,028</u>
<b><i>Current liabilities</i></b>		
Trade and other payables	137,709	149,839
Borrowings	145,536	192,155
Lease liabilities	162,851	147,269
Provision for restoration costs	719	644
Current tax liabilities	72,056	48,472
	<u>518,871</u>	<u>538,379</u>
<b>TOTAL LIABILITIES</b>	<u>1,615,780</u>	<u>1,551,407</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>2,908,217</u>	<u>2,700,599</u>
<b>Net assets per share attributable to owners of the Company (sen)<sup>(2)</sup></b>	<u>13.71</u>	<u>12.20</u>

**Notes:**

- (1) The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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. The number of ordinary shares outstanding as at 31 December 2021 had been adjusted retrospectively to reflect the bonus issue of ordinary shares which was completed on 24 June 2022.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**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 options reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2022</b>	303,412	(117,450)	221	6,570	956,439	1,149,192
Net profit for the period	-	-	-	-	235,688	235,688
Other comprehensive income	-	-	396	-	-	396
<b>Total comprehensive income</b>	-	-	396	-	235,688	236,084
<b>Transactions with owners</b>						
Issuance of shares	7,552	-	-	(1,357)	-	6,195
Dividends paid	-	-	-	-	(100,532)	(100,532)
ESOS share options expenses	-	-	-	1,498	-	1,498
<b>Total transactions with owners</b>	7,552	-	-	141	(100,532)	(92,839)
<b>At 30 June 2022</b>	310,964	(117,450)	617	6,711	1,091,595	1,292,437
<b>At 1 January 2021</b>	295,625	(117,450)	52	1,212	697,237	876,676
Net profit for the period	-	-	-	-	206,924	206,924
Other comprehensive income	-	-	169	-	-	169
<b>Total comprehensive income</b>	-	-	169	-	206,924	207,093
<b>Transactions with owners</b>						
Dividends paid	-	-	-	-	(94,149)	(94,149)
ESOS share options expenses	-	-	-	3,359	-	3,359
<b>Total transactions with owners</b>	-	-	-	3,359	(94,149)	(90,790)
<b>At 30 June 2021</b>	295,625	(117,450)	221	4,571	810,012	992,979

**Note:**

(1) The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

## UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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

	CUMULATIVE QUARTER	
	30/06/2022	30/06/2021
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	317,815	283,232
Adjustments for:		
Amortisation of intangible assets	1,040	840
Amortisation of deposits of right-of-use assets	1,046	-
Depreciation of property, plant and equipment	40,169	33,603
Depreciation of right-of-use assets	85,337	73,045
Interest expense	30,545	30,713
Interest income	(1,142)	(789)
Other non-cash items	11,914	10,837
Operating profit before changes in working capital	486,724	431,481
Changes in working capital:		
Inventories	(74,477)	(79,513)
Trade and other receivables	(33,753)	1,760
Trade and other payables	(28,886)	827
Cash generated from operations	349,608	354,555
Tax paid	(59,182)	(56,593)
Tax refunded	-	132
Net cash from operating activities	290,426	298,094
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received from an associate	727	450
Interest income received	1,142	789
Purchase of property, plant and equipment	(92,098)	(91,028)
Purchase of intangible assets	(1,367)	(1,861)
Proceeds from disposal of property, plant and equipment	2,304	1,466
Proceeds from disposal of intangible assets	88	12
Net cash used in investing activities	(89,204)	(90,172)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(100,532)	(94,149)
Drawdowns of revolving credits	50,000	-
Interest expense paid on:		
-borrowings	(3,257)	(4,045)
-lease liabilities	(26,611)	(25,930)
Payments of lease liabilities	(72,764)	(59,274)
Proceeds from share issuance	6,195	-
Repayments of hire purchase creditors	(379)	(353)
Repayments of term loans	(2,392)	(2,306)
Repayments of revolving credits	(102,998)	(46,502)
Net cash used in financing activities	(252,738)	(232,559)
Net decrease in cash and cash equivalents	(51,516)	(24,637)
Effects of exchange rate changes on cash and cash equivalents	267	79
Cash and cash equivalents at the beginning of financial period	175,879	64,773
Cash and cash equivalents at the end of financial period	124,630	40,215

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS <sup>(1)</sup> (continued)**

	CUMULATIVE QUARTER	
	30/06/2022	30/06/2021
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	72,677	37,683
Deposits with licensed banks	75,012	30,182
	<hr/>	<hr/>
	147,689	67,865
Less: Bank overdraft included in borrowings	(23,059)	(27,650)
	<hr/>	<hr/>
	124,630	40,215

**Note:**

- (1) The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

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**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 audited financial statements for the financial year ended 31 December 2021 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 2021 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>
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

The adoption of the above amendments to MFRSs do not have a material impact on the financial statements of the Group.

**3. Auditors' Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2021.

**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.

**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**

Employees' Share Option Scheme

During the financial period under review, the Company had issued a total of 3,872,600 ordinary shares at an issue price of RM1.60 per share arising from the exercise of Employees' Share Option Scheme.

Bonus Issue

The Company had via its Extraordinary General Meeting held on 8 June 2022, obtained shareholders' approval for the Bonus Issue on the basis of 1 new ordinary share for every 2 existing ordinary shares held in the Company ("Bonus Issue"). Subsequently, on 24 June 2022, the Bonus Issue was completed following the issuance and allotment of 3,142,166,292 new ordinary shares in the Company.

Other than the above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities as at 30 June 2022.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**8. Dividend**

	<b>RM'000</b>
In respect of the financial year ended 31 December 2021:	
Interim single tier dividend of RM0.009 per ordinary share, paid on 1 April 2022	<u>56,543</u>
In respect of the financial year ending 31 December 2022:	
Interim single tier dividend of RM0.007 per ordinary share, paid on 24 June 2022	<u>43,989</u>

Declared

On 4 August 2022, the Company declared an interim single tier dividend of RM0.006 per ordinary share approximately RM56.6 million in respect of the financial year ending 31 December 2022, to be paid on 21 September 2022 to shareholders of the Company whose name appear in the Record of Depositors on 25 August 2022.

**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 30 June 2022 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	1,940,581	13,316	-	1,953,897
Inter-segment sales	4,800	-	(4,800)	-
<b>Total revenue</b>	<u>1,945,381</u>	<u>13,316</u>	<u>(4,800)</u>	<u>1,953,897</u>
<b>Results</b>				
Profit from operations	342,989	3,903	74	346,966
Interest expense	(30,117)	(428)	-	(30,545)
Share of profit of an associate	1,394	-	-	1,394
Profit before tax	314,266	3,475	74	317,815
Income tax expense	(81,538)	(569)	(20)	(82,127)
<b>Net profit for the financial period</b>	<u>232,728</u>	<u>2,906</u>	<u>54</u>	<u>235,688</u>
<b>Segment assets</b>	<u>2,871,513</u>	<u>37,654</u>	<u>(950)</u>	<u>2,908,217</u>
<b>Segment liabilities</b>	<u>1,595,190</u>	<u>21,258</u>	<u>(668)</u>	<u>1,615,780</u>

The segmental information for the financial period ended 30 June 2021 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	1,615,489	14,510	-	1,629,999
Inter-segment sales	7,213	-	(7,213)	-
<b>Total revenue</b>	<u>1,622,702</u>	<u>14,510</u>	<u>(7,213)</u>	<u>1,629,999</u>
<b>Results</b>				
Profit from operations	312,907	4,325	(4,662)	312,570
Interest expense	(30,289)	(424)	-	(30,713)
Share of profit of an associate	1,375	-	-	1,375
Profit before tax	283,993	3,901	(4,662)	283,232
Income tax expense	(75,661)	(660)	13	(76,308)
<b>Net profit for the financial period</b>	<u>208,332</u>	<u>3,241</u>	<u>(4,649)</u>	<u>206,924</u>
<b>Segment assets</b>	<u>2,438,348</u>	<u>35,112</u>	<u>(1,511)</u>	<u>2,471,949</u>
<b>Segment liabilities</b>	<u>1,454,837</u>	<u>25,263</u>	<u>(1,130)</u>	<u>1,478,970</u>



**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**10. Property, Plant and Equipment**

(a) Acquisitions and disposals

On 1 April 2022, the Group has entered into a Sale and Purchase Agreement to acquire a freehold industrial land for a purchase consideration of RM18,852,075. The acquisition was completed on 27 June 2022.

Other than the above, there was no material acquisition and 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>30/06/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
- Approved but not contracted for	141,369	351,228
- Contracted but not provided for	154,538	30,770
	<u>295,907</u>	<u>381,998</u>

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

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.

**15. Significant Related Party Transactions**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>30/06/2022</b>	<b>30/06/2021</b>	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Associate:</b>				
Purchases of equipment and computer software	2,757	1,614	4,791	3,744
Purchases of goods	846	3,225	1,488	5,147
<b>Companies in which certain Directors have financial interests:</b>				
Sales of goods	5,015	6,545	9,620	12,263
Management fees received/ receivables	2,255	1,480	3,518	3,192

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 SECOND QUARTER ENDED 30 JUNE 2022**

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**17. Performance Review**

**2QFY2022 vs 2QFY2021**

The Group's revenue for 2QFY2022 rose 38.0% year-on-year (y-o-y) to RM1,048.7 million. This was mainly attributed to an increase in total transactions which grew 35.0% y-o-y to 36.1 million, as well as contributions from new stores, which increased 20.1% y-o-y from 827 to 993. The higher revenue is also consistent with the nation entering into the endemic phase from 1 April 2022, which led to the opening of more economic sectors, the gradual normalisation of consumer spending and the higher spending levels due to the festive season. The y-o-y increase also takes into account the temporary closure of some stores during the corresponding quarter last year.

This higher revenue led to a 36.2% increase in gross profit ("GP") amounting to RM429.5 million. GP margin for 2QFY2022 was 0.5 percentage points lower y-o-y at 41.0%, mainly due to the impact of freight costs as well as higher input costs. In order to partially mitigate the impact of costs pressures, the Group implement selected prices increases across its product range during the period.

Other operating income for the quarter was RM5.8 million, mainly comprising management fees, gains on disposal of leases, and the accretion of discounts from security deposits.

Administrative and other operating expenses for the quarter rose 40.5% and 21.0% y-o-y respectively, mainly due to business expansion activities, which led to an increase in staff costs, higher utility expenses, the depreciation of right-of-use assets, as well as higher marketing expenses for promotional activities. The increase in staff costs was also attributed to the impact of the minimum wage policy effective 1 May 2022.

In 2QFY2022, the Inland Revenue Board ("IRB") concluded a tax review that was carried out in 2019. In their review, IRB disagreed with the timing of the Group's tax deductions for the financial year 2018, which consequently resulted in the Group incurring a one-off tax expense of RM4.6 million and penalties amounting to RM2.1 million. Notwithstanding this, the one-off tax expense and penalties did not have a significant impact on the Group's financial position and are not expected to recur.

The higher revenue growth in 2QFY2022 translated into an increase in profit before tax ("PBT") and profit after tax ("PAT") of 62.9% and 64.6% to RM183.3 million and RM135.2 million respectively.

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

The Group reported cumulative revenue of RM1,953.9 million for the financial year ended 30 June 2022 ("1HFY2022"), an increase of 19.9% y-o-y compared to the corresponding period in the preceding year. The revenue growth was primarily driven by an increase in the number of stores and positive contribution from new stores, offset partially by the lower revenue in 1QFY2022 following a significant rise in average daily Covid-19 cases which resulted in a drop in foot traffic to stores.

Gross profit for the financial year rose 15.0% y-o-y to RM784.2 million mainly driven by higher revenue and partially offset by a lower GP margin. GP margin declined 1.7 percentage points mainly due to the impact of freight and input costs as well as the Price Lock campaign in the 1QFY2022 which ended in March 2022. In order to partially mitigate the impact of costs pressures, the Group implement selected prices increases across its product range during the period.

Other operating income rose to RM10.6 million, mainly comprising management fees, gains on the disposal of leases, and rent concessions in relation to stores during the lockdown period.

Administrative and other operating expenses rose 22.1% and 18.2% y-o-y respectively, consistent with business expansion activities which resulted in an increase in staff and utility costs, as well as higher depreciation of right-of-use assets and fixed assets. The settlement of RM6.7 million for the tax and tax penalties arising from the outcome of the tax review mentioned above did not significantly impact the financial position of the Group during the period.

For 1HFY2022, the Group reported PBT and PAT of RM317.8 million and RM235.7 million respectively, an increase of 12.2% and 13.9% y-o-y, respectively due to the above-said factors.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

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

The Group reported revenue of RM1,048.7 million and PBT of RM183.3 million in 2QFY2022, which was 15.9% and 36.3% higher compared to the preceding quarter ("1QFY2022"). This higher revenue was mainly attributed to an increase in total transactions which grew 11.8% quarter-on-quarter ("q-o-q") to 36.1 million, as well as contributions from new stores, which rose 4.9% q-o-q to 993. The q-o-q increase also takes into account the lower revenue and PBT in 1QFY2022 which was affected by high Covid-19 infection rates and a higher number of stores being closed for sanitisation and cleaning to ensure the health and safety of customers and staff.

**19. Prospects**

The country transitioned into the endemic stage on 1 April 2022. With the re-opening of businesses and international borders, the economy is expected to stage a steadier and more consistent recovery compared to the preceding pandemic-affected years. The Government's implementation of the minimum wage policy effective 1 May 2022 has resulted in an increase in disposable income, providing an impetus to the nation's recovery.

The Group remains cautiously optimistic on its prospects going forward and are cognizant of the impact inflation and rising interest rates have on disposable incomes. Moving forward, the market is going to be more sensitive to external impact; agility and responsiveness will be key tenets of management's philosophy. The Group will continue to focus on its objective of delivering sustainable growth and long-term stakeholder value via its store expansion strategy, whilst maintaining operational efficiencies and keeping costs at optimal levels. The target is to open a further 87 stores across all brands for a total of 180 new stores in 2022.

Growth will be driven by consistently delivering on the promise of "Always Low Prices", providing customers with a breadth of choices via the Group's 18,000 product SKUs, coupled with the convenience and accessibility of its more than 900 stores nationwide.

**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.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**22. Profit Before Tax**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Accretion of discount on deposits	(493)	-	(981)	-
Amortisation of deposits of right-of-use assets	523	-	1,046	-
Amortisation of intangible assets	515	445	1,040	840
Depreciation of property, plant and equipment	20,537	17,351	40,169	33,603
Depreciation of right-of-use assets	43,396	37,825	85,337	73,045
Interest income	(595)	(447)	(1,142)	(789)
Inventory losses	3,328	1,891	6,406	5,279
Inventories written off	3,402	2,847	7,787	5,127
Gain on disposal of property, plant and equipment	(93)	(25)	(109)	(214)
Gain on reassessments and modifications of leases	(1,116)	(400)	(2,222)	(840)
Realised (gain)/loss on foreign exchange	(73)	48	(150)	96
Unrealised (gain)/loss on foreign exchange	(49)	55	(37)	19

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.

**23. Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Current year tax expense				
- current period	43,695	33,006	76,071	78,373
- under provision in prior years	1,743	-	1,743	-
	<u>45,438</u>	<u>33,006</u>	<u>77,814</u>	<u>78,373</u>
Deferred tax				
- relating to origination and reversal of temporary differences	2,667	(2,589)	4,657	(2,260)
- under/(over) provision in prior years	1	-	(344)	195
	<u>2,668</u>	<u>(2,589)</u>	<u>4,313</u>	<u>(2,065)</u>
Tax expense	<u>48,106</u>	<u>30,417</u>	<u>82,127</u>	<u>76,308</u>
Effective tax rate	<u>26.2%</u>	<u>27.0%</u>	<u>25.8%</u>	<u>26.9%</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 SECOND QUARTER ENDED 30 JUNE 2022**

**24. Borrowings**

	As at 30/06/2022 RM'000	As at 31/12/2021 RM'000
<b>Non-current liabilities</b>		
<b>Secured</b>		
Hire purchase creditors	2,862	2,650
Term loans	11,043	13,541
	<u>13,905</u>	<u>16,191</u>
<b>Current liabilities</b>		
<b>Secured</b>		
Bank overdraft	23,059	16,771
Revolving credits	117,002	170,000
Hire purchase creditors	604	619
Term loans	4,871	4,765
	<u>145,536</u>	<u>192,155</u>
<b>Total borrowings</b>		
Bank overdraft	23,059	16,771
Revolving credits	117,002	170,000
Hire purchase creditors	3,466	3,269
Term loans	15,914	18,306
	<u>159,441</u>	<u>208,346</u>

The above borrowings are denominated in Ringgit Malaysia.

**25. Derivatives**

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

**26. Material Litigation**

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

**27. Earnings Per Share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Profit attributable to owners of the Company (RM'000)	135,187	82,134	235,688	206,924
Weighted average number of ordinary shares in issue ('000)	9,425,664	9,414,900 <sup>(1)</sup>	9,424,205	9,414,900 <sup>(1)</sup>
Basic earnings per ordinary share (sen)	<u>1.43</u>	<u>0.87</u>	<u>2.50</u>	<u>2.20</u>
Weighted average number of ordinary shares in issue ('000)	9,425,664	9,414,900 <sup>(1)</sup>	9,424,205	9,414,900 <sup>(1)</sup>
Effect of dilution of share options ('000)	30,509	41,548	54,301	39,851
Weighted average number of ordinary shares in issue (Diluted) ('000)	<u>9,456,173</u>	<u>9,456,448</u>	<u>9,478,506</u>	<u>9,454,751</u>
Diluted earnings per ordinary share (sen)	<u>1.43</u>	<u>0.87</u>	<u>2.49</u>	<u>2.19</u>

**Note:**

(1) For comparative purpose, the earnings per share for individual and cumulative quarter ended 30 June 2021 had been adjusted retrospectively to reflect the bonus issue of ordinary shares which was completed on 24 June 2022.