



Always Low Prices

MR D.I.Y. GROUP (M) BERHAD

【Company No.: 201001034084 (918007-M)】

INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

8 NOVEMBER 2022

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Revenue	966,165	768,021	2,920,062	2,398,020
Cost of sales	(569,424)	(451,542)	(1,739,093)	(1,399,750)
Gross profit	396,741	316,479	1,180,969	998,270
Other operating income	4,314	3,780	14,941	11,527
Administrative expenses	(37,619)	(27,074)	(111,202)	(87,317)
Other operating expenses	(214,651)	(154,801)	(588,957)	(471,526)
Profit from operations	148,785	138,384	495,751	450,954
Finance costs	(15,818)	(14,926)	(46,363)	(45,639)
Share of profit of an associate	1,601	571	2,995	1,946
Profit before tax	134,568	124,029	452,383	407,261
Income tax expense	(33,384)	(33,678)	(115,511)	(109,986)
Profit for the period	101,184	90,351	336,872	297,275
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Gain/(Loss) on foreign currency translation	351	(30)	747	139
Other comprehensive income/(loss), net of tax	351	(30)	747	139
Total comprehensive income for the period	101,535	90,321	337,619	297,414
Profit attributable to:				
Owners of the Company	101,184	90,351	336,872	297,275
Non-controlling interests	-	-	-	-
	101,184	90,351	336,872	297,275
Total comprehensive income attributable to:				
Owners of the Company	101,535	90,321	337,619	297,414
Non-controlling interests	-	-	-	-
	101,535	90,321	337,619	297,414
Basic earnings per share (sen)	1.07	0.96⁽²⁾	3.57	3.16⁽²⁾
Diluted earnings per share (sen)	1.07	0.96⁽²⁾	3.55	3.14⁽²⁾

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 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30/09/2022 RM'000	Audited As at 31/12/2021 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	633,117	531,225
Intangible assets	6,708	6,202
Right-of-use assets	1,200,616	1,057,294
Investment in an associate	9,479	7,893
Deferred tax assets	14,384	13,716
	<u>1,864,304</u>	<u>1,616,330</u>
<i>Current assets</i>		
Inventories	961,872	748,938
Trade and other receivables	130,519	140,274
Current tax assets	6,062	2,407
Cash and bank balances	117,030	192,650
	<u>1,215,483</u>	<u>1,084,269</u>
TOTAL ASSETS	<u>3,079,787</u>	<u>2,700,599</u>
EQUITY AND LIABILITIES		
<i>Equity attributable to owners of the Company</i>		
Share capital	311,662	303,412
Reserves	1,027,073	845,780
TOTAL EQUITY	<u>1,338,735</u>	<u>1,149,192</u>
LIABILITIES		
<i>Non-current liabilities</i>		
Borrowings	12,623	16,191
Lease liabilities	1,098,558	968,349
Provision for restoration costs	23,189	20,340
Deferred tax liabilities	12,928	8,148
	<u>1,147,298</u>	<u>1,013,028</u>
<i>Current liabilities</i>		
Trade and other payables	152,647	149,839
Borrowings	218,826	192,155
Lease liabilities	172,114	147,269
Provision for restoration costs	639	644
Current tax liabilities	49,528	48,472
	<u>593,754</u>	<u>538,379</u>
TOTAL LIABILITIES	<u>1,741,052</u>	<u>1,551,407</u>
TOTAL EQUITY AND LIABILITIES	<u>3,079,787</u>	<u>2,700,599</u>
Net assets per share attributable to owners of the Company (sen)⁽²⁾	<u>14.20</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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	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
At 1 January 2022	303,412	(117,450)	221	6,570	956,439	1,149,192
Net profit for the period	-	-	-	-	336,872	336,872
Other comprehensive income	-	-	747	-	-	747
Total comprehensive income	-	-	747	-	336,872	337,619
Transactions with owners						
Issuance of shares	8,250	-	-	(1,481)	-	6,769
Dividends paid	-	-	-	-	(157,091)	(157,091)
ESOS share options expenses	-	-	-	2,246	-	2,246
Total transactions with owners	8,250	-	-	765	(157,091)	(148,076)
At 30 September 2022	311,662	(117,450)	968	7,335	1,136,220	1,338,735
At 1 January 2021	295,625	(117,450)	52	1,212	697,237	876,676
Net profit for the period	-	-	-	-	297,275	297,275
Other comprehensive income	-	-	139	-	-	139
Total comprehensive income	-	-	139	-	297,275	297,414
Transactions with owners						
Dividends paid	-	-	-	-	(131,809)	(131,809)
ESOS share options expenses	-	-	-	5,072	-	5,072
Total transactions with owners	-	-	-	5,072	(131,809)	(126,737)
At 30 September 2021	295,625	(117,450)	191	6,284	862,703	1,047,353

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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	CUMULATIVE QUARTER	
	30/09/2022	30/09/2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	452,383	407,261
Adjustments for:		
Amortisation of intangible assets	1,588	1,271
Amortisation of deposits of right-of-use assets	1,544	-
Depreciation of property, plant and equipment	61,786	51,214
Depreciation of right-of-use assets	131,067	110,626
Interest expense	46,363	45,639
Interest income	(1,686)	(1,071)
Other non-cash items	20,237	15,916
Operating profit before changes in working capital	713,282	630,856
Changes in working capital:		
Inventories	(237,060)	(112,211)
Trade and other receivables	9,988	(9,116)
Trade and other payables	(20,889)	6,834
Cash generated from operations	465,321	516,363
Tax paid	(114,043)	(81,838)
Tax refunded	-	132
Net cash from operating activities	351,278	434,657
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from an associate	1,409	450
Interest income received	1,686	1,071
Purchase of property, plant and equipment	(145,001)	(105,136)
Purchase of intangible assets	(2,205)	(2,326)
Proceeds from disposal of property, plant and equipment	3,000	1,693
Proceeds from disposal of intangible assets	111	18
Net cash used in investing activities	(141,000)	(104,230)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(157,091)	(131,809)
Drawdowns of revolving credits	130,000	50,668
Interest expense paid on:		
-borrowings	(4,790)	(6,159)
-lease liabilities	(40,387)	(38,539)
Payments of lease liabilities	(113,057)	(90,514)
Proceeds from share issuance	6,769	-
Repayments of hire purchase creditors	(724)	(732)
Repayments of term loans	(3,589)	(3,472)
Repayments of revolving credits	(110,000)	(65,167)
Net cash used in financing activities	(292,869)	(285,724)
Net decrease/(increase) in cash and cash equivalents	(82,591)	44,703
Effects of exchange rate changes on cash and cash equivalents	476	47
Cash and cash equivalents at the beginning of financial period	175,879	64,773
Cash and cash equivalents at the end of financial period	93,764	109,523

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾ (continued)**

	CUMULATIVE QUARTER	
	30/09/2022	30/09/2021
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	67,665	58,210
Deposits with licensed banks	49,365	68,029
	<hr/>	<hr/>
	117,030	126,239
Less: Bank overdraft included in borrowings	(23,266)	(16,716)
	<hr/>	<hr/>
	93,764	109,523

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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

Title	Effective Date
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 current financial period under review, the Company issued 3,872,600 and 535,050 ordinary shares at the price of RM1.60 and RM1.07 respectively arising from the exercise of the 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 in the current financial period under review.

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

8. Dividend

	RM'000
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	56,543
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	43,989
Interim single tier dividend of RM0.006 per ordinary share, paid on 21 September 2022	56,559
	100,548

Declared

On 8 November 2022, the Company declared an interim single tier dividend of RM0.005 per ordinary share approximately RM47.1 million in respect of the financial year ending 31 December 2022, to be paid on 21 December 2022 to shareholders of the Company whose name appear in the Record of Depositors on 28 November 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 September 2022 is as follows:

	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
Revenue				
Sales to external customers	2,899,240	20,822	-	2,920,062
Inter-segment sales	9,517	-	(9,517)	-
Total revenue	2,908,757	20,822	(9,517)	2,920,062
Results				
Profit from operations	490,439	5,342	(30)	495,751
Interest expense	(45,708)	(655)	-	(46,363)
Share of profit of an associate	2,995	-	-	2,995
Profit before tax	447,726	4,687	(30)	452,383
Income tax expense	(114,716)	(796)	1	(115,511)
Net profit for the financial period	333,010	3,891	(29)	336,872
Segment assets	3,038,889	41,531	(633)	3,079,787
Segment liabilities	1,717,522	23,798	(268)	1,741,052

The segmental information for the financial period ended 30 September 2021 is as follows:

	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
Revenue				
Sales to external customers	2,377,841	20,179	-	2,398,020
Inter-segment sales	9,887	-	(9,887)	-
Total revenue	2,387,728	20,179	(9,887)	2,398,020
Results				
Profit from operations	449,981	5,671	(4,698)	450,954
Interest expense	(45,005)	(634)	-	(45,639)
Share of profit of an associate	1,946	-	-	1,946
Profit before tax	406,922	5,037	(4,698)	407,261
Income tax expense	(109,121)	(883)	18	(109,986)
Net profit for the financial period	297,801	4,154	(4,680)	297,275
Segment assets	2,536,699	33,219	(1,319)	2,568,599
Segment liabilities	1,499,666	22,496	(916)	1,521,246

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

10. Property, Plant and Equipment

- (a) Acquisitions and disposals
 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:

	30/09/2022	31/12/2021
	RM'000	RM'000
- Approved but not contracted for	93,850	351,228
- Contracted but not provided for	146,252	30,770
	<u>240,102</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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Associate:				
Purchases of equipment and computer software	1,505	1,258	6,296	5,002
Purchases of goods	1,730	1,620	3,218	6,767
Companies in which certain Directors have financial interests:				
Sales of goods	5,194	4,369	14,814	16,632
Management fees received/ receivables	1,653	1,439	5,171	4,631

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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

17. Performance Review

3QFY2022 vs 3QFY2021

The Group's revenue for 3QFY2022 rose 25.8% year-on-year ("y-o-y") to RM966.2 million, primarily attributable positive same-store sales growth and increase in the total number of stores. The Group's store network grew 23.4% in 3QFY2022, from 841 to 1,038 stores, leading to a corresponding 40.1% y-o-y increase in total transactions to 35.8 million. The increase also reflects the impact of lockdown measures in 3QFY2021 that led to a temporary closure of some stores and lower overall traffic.

The increase in revenue led to a corresponding 25.4% y-o-y increase in gross profit ("GP") to RM396.7 million. The GP margin of 41.1% was broadly in line with the corresponding period in 2021, despite the implementation of selected prices increases across its products range in 2QFY2022 and 3QFY2022, to mitigate the impact of increased freight and input costs. These costs continued to advance ahead of expectation throughout Q2FY2022 and most of Q3FY2022, but have started to ease in the latter part of this period.

The Group reported other operating income of RM4.3 million during the quarter, mainly comprising management fees, accretion of discounts from security and utility deposits on leases as well as gains on the termination of some leases.

Administrative and other operating expenses for the quarter were RM37.6 million and RM214.7 million, an increase of 39.0% and 38.7% y-o-y respectively. This was mainly due to business expansion activities, which resulted in increases in staff costs, utility expenses, marketing expenses for promotional activities as well as depreciation of right-of-use assets, in line with growth in the number of stores. The higher staff costs in the quarter were also impacted by the implementation of the minimum wage policy which came into effect on 1 May 2022. To address this, the Group has or will be implementing several key operating and strategic initiatives including pricing reviews of its product ranges, optimising the product mix as well as automation and simplification of operating processes.

Profit before tax ("PBT") and profit after tax ("PAT") increased by 8.5% and 12.0% y-o-y to RM134.6 million and RM101.2 million respectively, mainly due to the above stated expenses.

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

The Group reported cumulative revenue of RM2,920.1 million for the financial period ended September 2022 ("9MFY2022"), a 21.8% y-o-y increase on the corresponding period in the preceding year. Revenue was mainly driven by positive contribution from new stores and higher consumer spending levels due to the festive season in 2QFY2022. The increase also reflects the impact of lockdown measures in 2QFY2021 and 3QFY2021, which led to a temporary closure of some stores and lower overall traffic to stores.

Gross profit for the 9MFY2022 rose 18.3% y-o-y to RM1,181.0 million compared to the corresponding period in 2021, led by higher revenue. GP margin stood at 40.4%, a 1.2 percentage point y-o-y decrease, which was mainly due to higher freight and input costs as well as the Price Lock campaign in the 1QFY2022 which ended in March 2022. The Group implemented selected prices increases across its products range in 2QFY2022 and 3QFY2022 to mitigate the impact of these higher costs.

Other operating income rose to RM14.9 million mainly comprising management fees, gains on the termination of leases, and store rent concessions.

Administrative and other operating expenses rose 27.4% and 24.9% y-o-y respectively, mainly due to an increase in staff and utility costs, advertising and marketing expenses, higher depreciation of right-of use assets and fixed assets, in line with the increase in number of stores. The higher staff costs in the 9MFY2022 were also impacted by the implementation of the minimum wage policy which came into effect on 1 May 2022.

Correspondingly, the Group reported PBT and PAT of RM452.4 million and RM336.9 million respectively for 9MFY2022, an increase of 11.1% and 13.3% y-o-y respectively due to the abovesaid factors.

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

18. Comparison With Immediate Preceding Quarter's Results

The Group reported revenue of RM966.2 million and PBT of RM134.6 million in 3QFY2022, which were 7.9% and 26.6% lower compared to the preceding quarter. The lower revenue was mainly attributed to the decrease in total transactions in the absence of festive periods.

19. Prospects

The Group remains confident of its ability to deliver long-term sustainable growth premised on the underlying strength of the business, strong unit economics of flagship MR D.I.Y stores, and the progress it is making on new store growth, which remains a core growth strategy of the Group. The Group's target for 2023 is to continue to open at least 180 new stores across all 3 brands.

We remain focused on our commitment to deliver exceptional value and convenience, especially during this period of rising costs and the inflationary environment, with our nationwide network of more than 1,000 stores, breadth of about 18,000 product SKUs, staff strength of about 15,000 employees and most importantly, our promise of "Always Low Prices".

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. Profit Before Tax

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Accretion of discount on deposits	(467)	-	(1,448)	-
Amortisation of deposits of right-of-use assets	498	-	1,544	-
Amortisation of intangible assets	548	431	1,588	1,271
Depreciation of property, plant and equipment	21,617	17,611	61,786	51,214
Depreciation of right-of-use assets	45,730	37,581	131,067	110,626
Interest income	(544)	(282)	(1,686)	(1,071)
Inventory losses	6,113	3,230	12,519	8,509
Inventories written off	4,089	2,580	11,876	7,707
Gain on disposal of property, plant and equipment	(20)	(57)	(129)	(271)
Gain on reassessments and modifications of leases	(548)	(343)	(2,770)	(1,183)
Realised (gain)/loss on foreign exchange	(87)	621	(237)	717
Unrealised (gain)/loss on foreign exchange	(15)	21	(52)	40

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.

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

23. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Current year tax expense				
- current period	35,129	33,771	111,200	112,144
- (over)/under provision in prior years	(1,539)	-	204	-
	<u>33,590</u>	<u>33,771</u>	<u>111,404</u>	<u>112,144</u>
Deferred tax				
- relating to origination and reversal of temporary differences	(614)	(93)	4,043	(2,353)
- under provision in prior years	408	-	64	195
	<u>(206)</u>	<u>(93)</u>	<u>4,107</u>	<u>(2,158)</u>
Tax expense	<u>33,384</u>	<u>33,678</u>	<u>115,511</u>	<u>109,986</u>
Effective tax rate	<u>24.8%</u>	<u>27.2%</u>	<u>25.5%</u>	<u>27.0%</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.

24. Borrowings

	As at	As at
	30/09/2022	31/12/2021
	RM'000	RM'000
Non-current liabilities		
Secured		
Hire purchase creditors	2,839	2,650
Term loans	9,784	13,541
	<u>12,623</u>	<u>16,191</u>
Current liabilities		
Secured		
Bank overdraft	23,266	16,771
Revolving credits	190,000	170,000
Hire purchase creditors	627	619
Term loans	4,933	4,765
	<u>218,826</u>	<u>192,155</u>
Total borrowings		
Bank overdraft	23,266	16,771
Revolving credits	190,000	170,000
Hire purchase creditors	3,466	3,269
Term loans	14,717	18,306
	<u>231,449</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.

NOTES TO INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022
27. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Profit attributable to owners of the Company (RM'000)	101,184	90,351	336,872	297,275
Weighted average number of ordinary shares in issue ('000)	9,426,706	9,414,900 ⁽¹⁾	9,425,047	9,414,900 ⁽¹⁾
Basic earnings per ordinary share (sen)	1.07	0.96	3.57	3.16
Weighted average number of ordinary shares in issue ('000)	9,426,706	9,414,900 ⁽¹⁾	9,425,047	9,414,900 ⁽¹⁾
Effect of dilution of share options ('000)	28,218	39,819	51,498	39,841
Weighted average number of ordinary shares in issue (Diluted) ('000)	9,454,924	9,454,719	9,476,545	9,454,741
Diluted earnings per ordinary share (sen)	1.07	0.96	3.55	3.14

Note:

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