



**Always Low Prices**

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

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

INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

14 FEBRUARY 2023

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	1,065,780	975,388	3,985,842	3,373,408
Cost of sales	(599,540)	(581,750)	(2,338,633)	(1,981,500)
<b>Gross profit</b>	<b>466,240</b>	<b>393,638</b>	<b>1,647,209</b>	<b>1,391,908</b>
Other operating income	8,565	11,519	23,506	23,046
Administrative expenses	(39,959)	(29,785)	(151,161)	(117,102)
Other operating expenses	(229,938)	(181,405)	(818,895)	(652,931)
<b>Profit from operations</b>	<b>204,908</b>	<b>193,967</b>	<b>700,659</b>	<b>644,921</b>
Finance costs	(16,956)	(14,992)	(63,319)	(60,631)
Share of profit of an associate	1,030	171	4,025	2,117
<b>Profit before tax</b>	<b>188,982</b>	<b>179,146</b>	<b>641,365</b>	<b>586,407</b>
Income tax expense	(52,905)	(44,594)	(168,416)	(154,580)
<b>Profit for the period</b>	<b>136,077</b>	<b>134,552</b>	<b>472,949</b>	<b>431,827</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Gain on foreign currency translation	221	30	968	169
Other comprehensive income, net of tax	221	30	968	169
<b>Total comprehensive income for the period</b>	<b>136,298</b>	<b>134,582</b>	<b>473,917</b>	<b>431,996</b>
<b>Profit attributable to:</b>				
Owners of the Company	136,077	134,552	472,949	431,827
Non-controlling interests	-	-	-	-
	<b>136,077</b>	<b>134,552</b>	<b>472,949</b>	<b>431,827</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	136,298	134,582	473,917	431,996
Non-controlling interests	-	-	-	-
	<b>136,298</b>	<b>134,582</b>	<b>473,917</b>	<b>431,996</b>
<b>Basic earnings per share (sen)</b>	<b>1.44</b>	<b>1.43<sup>(2)</sup></b>	<b>5.02</b>	<b>4.59<sup>(2)</sup></b>
<b>Diluted earnings per share (sen)</b>	<b>1.44</b>	<b>1.42<sup>(2)</sup></b>	<b>4.99</b>	<b>4.57<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 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 FOURTH QUARTER ENDED 31 DECEMBER 2022**

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

	<b>Unaudited As at 31/12/2022 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	682,325	531,225
Intangible assets	6,959	6,202
Right-of-use assets	1,231,459	1,057,294
Investment in an associate	9,867	7,893
Deferred tax assets	16,923	13,716
	<u>1,947,533</u>	<u>1,616,330</u>
<b><i>Current assets</i></b>		
Inventories	1,099,725	748,938
Trade and other receivables	134,428	140,274
Current tax assets	4,023	2,407
Cash and bank balances	137,843	192,650
	<u>1,376,019</u>	<u>1,084,269</u>
<b>TOTAL ASSETS</b>	<u>3,323,552</u>	<u>2,700,599</u>
<b>EQUITY AND LIABILITIES</b>		
<b><i>Equity attributable to owners of the Company</i></b>		
Share capital	316,689	303,412
Reserves	1,116,166	845,780
<b>TOTAL EQUITY</b>	<u>1,432,855</u>	<u>1,149,192</u>
<b>LIABILITIES</b>		
<b><i>Non-current liabilities</i></b>		
Borrowings	11,819	16,191
Lease liabilities	1,129,083	968,349
Provision for restoration costs	20,344	20,340
Deferred tax liabilities	8,698	8,148
	<u>1,169,944</u>	<u>1,013,028</u>
<b><i>Current liabilities</i></b>		
Trade and other payables	173,585	149,839
Borrowings	318,470	192,155
Lease liabilities	178,337	147,269
Provision for restoration costs	437	644
Current tax liabilities	49,924	48,472
	<u>720,753</u>	<u>538,379</u>
<b>TOTAL LIABILITIES</b>	<u>1,890,697</u>	<u>1,551,407</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>3,323,552</u>	<u>2,700,599</u>
<b>Net assets per share attributable to owners of the Company (sen)<sup>(2)</sup></b>	<u>15.19</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 FOURTH QUARTER ENDED 31 DECEMBER 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	-	-	-	-	472,949	472,949
Other comprehensive income	-	-	968	-	-	968
<b>Total comprehensive income</b>	-	-	968	-	472,949	473,917
<b>Transactions with owners</b>						
Issuance of shares	13,277	-	-	(2,283)	-	10,994
Dividends paid	-	-	-	-	(204,240)	(204,240)
ESOS share options expenses	-	-	-	2,992	-	2,992
<b>Total transactions with owners</b>	13,277	-	-	709	(204,240)	(190,254)
<b>At 31 December 2022</b>	316,689	(117,450)	1,189	7,279	1,225,148	1,432,855
<b>At 1 January 2021</b>	295,625	(117,450)	52	1,212	697,237	876,676
Net profit for the period	-	-	-	-	431,827	431,827
Other comprehensive income	-	-	169	-	-	169
<b>Total comprehensive income</b>	-	-	169	-	431,827	431,996
<b>Transactions with owners</b>						
Issuance of shares	7,787	-	-	(1,428)	-	6,359
Dividends paid	-	-	-	-	(172,625)	(172,625)
ESOS share options expenses	-	-	-	6,786	-	6,786
<b>Total transactions with owners</b>	7,787	-	-	5,358	(172,625)	(159,480)
<b>At 31 December 2021</b>	303,412	(117,450)	221	6,570	956,439	1,149,192

**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 FOURTH QUARTER ENDED 31 DECEMBER 2022

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

	CUMULATIVE QUARTER	
	31/12/2022	31/12/2021
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	641,365	586,407
Adjustments for:		
Amortisation of intangible assets	2,162	1,737
Amortisation of deposits of right-of-use assets	2,078	7,077
Depreciation of property, plant and equipment	84,227	69,923
Depreciation of right-of-use assets	177,703	149,674
Interest expense	63,319	60,631
Interest income	(2,016)	(1,665)
Other non-cash items	29,226	16,116
Operating profit before changes in working capital	998,064	889,900
Changes in working capital:		
Inventories	(386,127)	(80,823)
Trade and other receivables	(2,399)	(28,237)
Trade and other payables	(9,297)	8,688
Cash generated from operations	600,241	789,528
Tax paid	(171,287)	(138,828)
Tax refunded	-	132
Net cash from operating activities	428,954	650,832
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received from an associate	2,051	450
Interest income received	2,016	1,665
Purchase of property, plant and equipment	(200,341)	(145,242)
Purchase of intangible assets	(3,054)	(2,535)
Proceeds from disposal of property, plant and equipment	3,268	2,071
Proceeds from disposal of intangible assets	135	105
Net cash used in investing activities	(195,925)	(143,486)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(204,240)	(172,625)
Drawdowns of revolving credits	230,000	50,668
Interest expense paid on:		
-borrowings	(7,603)	(8,323)
-lease liabilities	(54,105)	(51,252)
Payments of lease liabilities	(153,946)	(123,355)
Proceeds from share issuance	10,994	6,359
Repayments of hire purchase creditors	(883)	(755)
Repayments of term loans	(4,790)	(4,651)
Repayments of revolving credits	(110,000)	(92,334)
Net cash used in financing activities	(294,573)	(396,268)
Net (decrease)/increase in cash and cash equivalents	(61,544)	111,078
Effects of exchange rate changes on cash and cash equivalents	539	28
Cash and cash equivalents at the beginning of financial period	175,879	64,773
Cash and cash equivalents at the end of financial period	114,874	175,879

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS <sup>(1)</sup> (continued)**

	CUMULATIVE QUARTER	
	31/12/2022	31/12/2021
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	97,834	90,303
Deposits with licensed banks	40,009	102,347
	<u>137,843</u>	<u>192,650</u>
Less: Bank overdraft included in borrowings	(22,969)	(16,771)
	<u>114,874</u>	<u>175,879</u>

**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 FOURTH QUARTER ENDED 31 DECEMBER 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 current financial period under review, the Company issued 3,872,600 and 4,483,750 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 FOURTH QUARTER ENDED 31 DECEMBER 2022**

**8. Dividend**

	<b>RM'000</b>
<u>In respect of the financial year ended 31 December 2021:</u>	
Interim single tier dividend of RM0.009 per ordinary share on 6,282,567,900 ordinary shares, declared on 16 February 2022 and paid on 1 April 2022	56,543
<u>In respect of the financial year ending 31 December 2022:</u>	
Interim single tier dividend of RM0.007 per ordinary share on 6,284,156,800 ordinary shares, declared on 13 May 2022 and paid on 24 June 2022	43,989
Interim single tier dividend of RM0.006 per ordinary share on 9,426,756,892 ordinary shares, declared on 4 August 2022 and paid on 21 September 2022	56,561
Interim single tier dividend of RM0.005 per ordinary share on 9,429,369,592 ordinary shares, declared on 8 November 2022 and paid on 21 December 2022	47,147
	147,697

Declared

On 14 February 2023, the Company declared an interim single tier dividend of RM0.006 per ordinary share, amounting to approximately RM56.6 million in respect of the financial year ended 31 December 2022, to be paid on 24 March 2023 to shareholders of the Company whose name appear in the Record of Depositors on 3 March 2023.

**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 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	3,954,990	30,852	-	3,985,842
Inter-segment sales	14,916	-	(14,916)	-
<b>Total revenue</b>	3,969,906	30,852	(14,916)	3,985,842
<b>Results</b>				
Profit from operations	692,997	7,730	(68)	700,659
Interest expense	(62,371)	(948)	-	(63,319)
Share of profit of an associate	4,025	-	-	4,025
Profit before tax	634,651	6,782	(68)	641,365
Income tax expense	(167,818)	(623)	25	(168,416)
<b>Net profit for the financial period</b>	466,833	6,159	(43)	472,949
<b>Segment assets</b>	3,270,930	53,714	(1,092)	3,323,552
<b>Segment liabilities</b>	1,857,915	33,494	(712)	1,890,697

The segmental information for the financial period ended 31 December 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	3,346,062	27,346	-	3,373,408
Inter-segment sales	12,768	-	(12,768)	-
<b>Total revenue</b>	3,358,830	27,346	(12,768)	3,373,408
<b>Results</b>				
Profit from operations	641,299	8,235	(4,613)	644,921
Interest expense	(59,758)	(873)	-	(60,631)
Share of profit of an associate	2,117	-	-	2,117
Profit before tax	583,658	7,362	(4,613)	586,407
Income tax expense	(153,713)	(869)	2	(154,580)
<b>Net profit for the financial period</b>	429,945	6,493	(4,611)	431,827
<b>Segment assets</b>	2,665,950	35,589	(940)	2,700,599
<b>Segment liabilities</b>	1,529,517	22,495	(605)	1,551,407



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

	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
- Approved but not contracted for	194,545	351,228
- Contracted but not provided for	135,045	30,770
	<u>329,590</u>	<u>381,998</u>

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

On 5 January 2023, the Group entered into sale and purchase agreement to acquire 80 units of foreign workers quarter under the Centralised Labour Quarter/Pusat Asrama Pekerja Asing ("PAPA") project for purchase consideration of RM13.2 million for the purpose of accommodation for foreign workers. The above acquisition has yet to be completed as at the date of 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>31/12/2022</b>	<b>31/12/2021</b>	<b>31/12/2022</b>	<b>31/12/2021</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	1,775	1,835	8,071	6,837
Purchases of goods	1,000	1,333	4,218	8,100
<b>Companies in which certain Directors have financial interests:</b>				
Sales of goods	7,131	7,358	21,945	23,989
Management fees received/ receivables	1,825	1,378	6,996	6,009

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 2022**

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**17. Performance Review**

**4QFY2022 vs 4QFY2021**

The Group's 4QFY2022 revenue rose 9.3% year-on-year ("y-o-y") to RM1,065.8 million from RM975.4 million in 4QFY2021. The increase was primarily driven by positive sales contributions from new stores, which grew 20% y-o-y from 900 stores to 1,080 stores and led to a 15.2% y-o-y increase in total transactions to 38.1 million.

Gross profit ("GP") for 4QFY2022 rose 18.4% y-o-y to RM466.2 million. The GP margin improved 3.3 percentage points to 43.7% in 4QFY2022, compared to 40.4% in 4QFY2021. The improvement in the GP margin was led by price adjustments on selected products in 3QFY2022 and a decline in freight cost as global demand for freight abated.

The Group also reported other operating income of RM8.6 million during the quarter, which was 25.6% lower y-o-y mainly due to the recognition of higher accretion of discount from deposits of leases in 4QFY2021. Other operating income comprises management fees, accretion of discounts from security and utility deposits on leases, as well as gains on the termination of certain leases.

Administrative and other operating expenses for the quarter rose 34.2% and 26.8% y-o-y respectively, led by higher staff costs, utility expenses, and the depreciation of right-of-use assets, which largely corresponded with an increase in the number of stores from continued business expansion. In particular, staff costs as a percentage of revenue increased by 3.3 percentage points mainly due to cost pressures in the current inflationary environment and following the implementation of the Government-mandated increase in minimum wage, which came into effect on 1 May 2022.

As a result of the higher revenue and GP, profit before tax ("PBT") and profit after tax ("PAT") increased by 5.5% and 1.1% to RM189.0 million and RM136.1 million respectively. PAT was also impacted by the one-off additional prosperity corporate tax of RM10.2 million on subsidiaries with chargeable income above RM100 million at a tax rate of 33%, whereas income below and equal to RM100 million is taxed at the current statutory tax rate of 24% for the year of assessment 2022.

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

The Group reported cumulative revenue of RM3,985.8 million for the financial year ended 31 December 2022 ("FY2022"), an increase of 18.2% y-o-y compared to the financial year ended 31 December 2021 ("FY2021"). The revenue growth was primarily driven by positive contribution from new stores which grew 20.0% y-o-y to 1,080, as well as positive like-for-like sales growth, partially offset by a muted 1QFY2022 which was impacted by a spike in Covid-19 cases.

GP for the financial year rose 18.3% to RM1,647.2 million, in line with the higher revenue. GP margin was 41.3%, closely comparable to the comparative year, despite the higher GP margin in 4QFY2022, the impact of which was offset by the lower GP margin in preceding quarters due to higher freight and input costs, as well as the Price Lock campaign in 1QFY2022.

The Group also recorded other operating income of RM23.5 million comprising management fees, accretion of discounts from security and utility deposits on leases, and other income consistent with the above.

Administrative and other operating expenses for FY2022 rose 29.1% and 25.4% y-o-y respectively, mainly due to an increase in staff and utility costs, advertising and marketing expenses, and higher depreciation of right-of-use assets as a result of the Group's business expansion activities. The staff costs for FY2022 rose by 0.9 percentage points mainly due to the implementation of the minimum wage policy as previously mentioned.

PBT and PAT for FY2022 increased by 9.4% and 9.5% y-o-y to RM641.4 million and RM472.9 million respectively. PAT was also impacted by the one-off additional prosperity corporate tax of RM10.2 million on subsidiaries with chargeable income above RM100 million at a tax rate of 33%, whereas income below and equal to RM100 million is taxed at the current statutory tax rate of 24% for the year of assessment 2022.

**NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**

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

The Group's reported revenue and PBT rose 10.3% and 40.4% to RM1,065.8 million and RM189.0 million respectively as compared to the previous quarter. The higher revenue was mainly due to an increase in the number of stores as well as higher sales derived from the festive season and school holidays. The higher PBT was correspondingly higher due to the higher revenue and gross profit margin, compared to the preceding quarter.

**19. Prospects**

The Group is optimistic about of its prospects going forward, given the more positive post-pandemic sentiment. This is balanced by challenges of inflationary pressures impacting the cost of living and a rising interest rate environment, all of which continue to impact Malaysian households.

During the year, given persistent cost pressures, the Group made price adjustments to its core product offering, which has led to the improvement in gross profit margins in 4QFY2022 compared to earlier in the year. The Group expects margin to be sustained in FY2023 given the above and the added benefit of an improving inflationary climate going forward.

The Group remains committed to long-term sustainable revenue growth through a measured store expansion strategy, innovations in product offering and continuous focus on providing value for money to consumers under our "Always Low Prices" formula. Our Group targets to open 180 new stores across all brands in 2023, which will bring the total nationwide store network to over 1,200. This will further cement the Group's promise to offer customers convenience when shopping at MR D.I.Y..

**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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Accretion of discount on deposits for leases	(503)	(6,159)	(1,951)	(6,159)
Amortisation of deposits of right-of-use assets	534	7,077	2,078	7,077
Amortisation of intangible assets	574	466	2,162	1,737
Depreciation of property, plant and equipment	22,441	18,709	84,227	69,923
Depreciation of right-of-use assets	46,636	39,048	177,703	149,674
Interest income	(330)	(594)	(2,016)	(1,665)
Inventory losses	4,689	2,842	17,208	11,351
Inventories written off	4,141	2,940	16,017	10,647
Written-down of slow-moving inventories	2,473	-	2,473	-
Gain on disposal of property, plant and equipment	(67)	(57)	(196)	(328)
Gain on reassessments and modifications of leases	(1,319)	(1,413)	(4,089)	(2,596)
Realised gain on foreign exchange	(220)	(1,279)	(457)	(562)
Unrealised loss/(gain) on foreign exchange	47	31	(5)	71

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 FOURTH QUARTER ENDED 31 DECEMBER 2022**

**23. Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Current year tax expense				
- current period	59,676	35,548	170,875	147,691
- (over)/under provision in prior years	-	(2,492)	204	(2,492)
	<u>59,676</u>	<u>33,056</u>	<u>171,079</u>	<u>145,199</u>
Deferred tax				
- relating to origination and reversal of temporary differences	(1,043)	8,653	3,001	6,301
- (over)/under provision in prior years	(5,728)	2,885	(5,664)	3,080
	<u>(6,771)</u>	<u>11,538</u>	<u>(2,663)</u>	<u>9,381</u>
Tax expense	<u>52,905</u>	<u>44,594</u>	<u>168,416</u>	<u>154,580</u>
Effective tax rate	<u>28.0%</u>	<u>24.9%</u>	<u>26.3%</u>	<u>26.4%</u>

The effective tax rate higher than the statutory tax rate of 24% for the current and cumulative quarter of 28.0% and 26.3% respectively mainly due to certain expenses which are not deductible for tax purposes and impact arising from the one-off prosperity tax rate of 33% on chargeable income exceeding RM100 million for the year of assessment 2022.

**24. Borrowings**

	As at	As at
	31/12/2022	31/12/2021
	RM'000	RM'000
<b>Non-current liabilities</b>		
<b>Secured</b>		
Hire purchase creditors	3,153	2,650
Term loans	8,666	13,541
	<u>11,819</u>	<u>16,191</u>
<b>Current liabilities</b>		
<b>Secured</b>		
Bank overdraft	22,969	16,771
Revolving credits	290,000	170,000
Hire purchase creditors	650	619
Term loans	4,851	4,765
	<u>318,470</u>	<u>192,155</u>
<b>Total borrowings</b>		
Bank overdraft	22,969	16,771
Revolving credits	290,000	170,000
Hire purchase creditors	3,803	3,269
Term loans	13,517	18,306
	<u>330,289</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 FOURTH QUARTER ENDED 31 DECEMBER 2022**
**27. Earnings Per Share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Profit attributable to owners of the Company (RM'000)	136,077	134,552	472,949	431,827
Weighted average number of ordinary shares in issue ('000)	9,428,627	9,417,395 <sup>(1)</sup>	9,425,950	9,415,529 <sup>(1)</sup>
Basic earnings per ordinary share (sen)	1.44	1.43	5.02	4.59
Weighted average number of ordinary shares in issue ('000)	9,428,627	9,417,395 <sup>(1)</sup>	9,425,950	9,415,529 <sup>(1)</sup>
Effect of dilution of share options ('000)	32,033	37,578	53,720	39,260
Weighted average number of ordinary shares in issue (Diluted) ('000)	9,460,660	9,454,973	9,479,670	9,454,789
Diluted earnings per ordinary share (sen)	1.44	1.42	4.99	4.57

**Note:**

- (1) For comparative purpose, the earnings per share for individual and cumulative quarter ended 31 December 2021 had been adjusted retrospectively to reflect the bonus issue of ordinary shares which was completed on 24 June 2022.