CRG INCORPORATED BERHAD

(Company No: 880257-A)
(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

SECOND HALF YEARLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY CRG INCORPORATED BERHAD ("CRG" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

CRG INCORPORATED BERHAD
(Company No: 880257-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 2ND HALF-YEAR ENDED 30 JUNE 2019 (1)

	Individual 6 months ended		Cumulative 12 months ended	
	30.6.2019(2) RM'000	30.6.2018 RM'000	30.6.2019(2) RM'000	30.6.2018 RM'000
Revenue	64,799	61,323	122,498	115,171
Cost of sales	(33,136)	(29,259)	(63,235)	(56,313)
Gross profit	31,663	32,064	59,263	58,858
Other operating income	368	442	602	850
Selling and distribution expenses	(15,125)	(16,022)	(30,182)	(31,273)
General and administrative expenses	(10,744)	(12,533)	(20,567)	(21,185)
Profit from operations	6,162	3,951	9,116	7,250
Finance costs	(256)	(370)	(619)	(790)
Profit before taxation	5,906	3,581	8,497	6,460
Taxation	(2,464)	(1,545)	(4,156)	(2,687)
Profit after taxation	**3,442**	**2,036**	**4,341**	**3,773**
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	4	147	51	(346)
Reclassification of foreign currency translation reserve to profit and loss on deregistration of a foreign subsidiary	-	(202)	-	(202)
Total other comprehensive income/ (loss), net of tax	4	(55)	51	(548)
Total comprehensive income	3,446	1,981	4,392	3,225
Profit attributable to owner of the parent	3,442	2,036	4,341	3,773
Total comprehensive income attributable to owner of the parent	3,446	1,981	4,392	3,225
Earnings per share attributable to owner of the parent (Sen)				
- Basic	0.43	0.25	0.54	0.47

Notes:
(1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this interim financial report.*

(2) *For current financial year under review, the Group had reclassified sales trade margin (which was previously netted against revenue) to cost of sales. This reclassification, which amounted to RM11.17 million, arose from the adoption of MFRS 15 – Revenue from contracts with customers.*

CRG INCORPORATED BERHAD
(Company No: 880257-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2019 (1)

	Unaudited as at 30.6.2019 RM'000	Audited as at 30.6.2018 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	31,128	32,495
Goodwill	20	20
Deferred tax assets	700	566
Total non-current assets	**31,848**	**33,081**
CURRENT ASSETS		
Inventories	14,881	19,242
Trade and other receivables	18,070	27,757
Current tax assets	137	1,318
Cash and bank balances	30,865	15,430
Total current assets	**63,953**	**63,747**
TOTAL ASSETS	**95,801**	**96,828**
EQUITY		
Share capital	68,000	68,000
Reserves	4,800	3,523
Total equity	**72,800**	**71,523**
NON-CURRENT LIABILITIES		
Borrowings	14,581	15,172
Provision for restoration costs	464	438
Deferred tax liabilities	15	-
Total non-current liabilities	**15,060**	**15,610**
CURRENT LIABILITIES		
Trade and other payables	5,656	7,800
Borrowings	844	1,332
Provision for restoration costs	167	212
Current tax liabilities	1,274	351
Total current liabilities	**7,941**	**9,695**
Total liabilities	**23,001**	**25,305**
TOTAL EQUITY AND LIABILITIES	**95,801**	**96,828**
Net assets per share (sen) (2)	9.04	8.88

Notes:
(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this interim financial report.

(2) Net assets per share is computed based on the Company's number of ordinary shares in issue of 805,651,400.

CRG INCORPORATED BERHAD
(Company No: 880257-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (1)

	←Non-distributable→			
	Share capital	**Exchange translation reserve**	**Distributable retained earnings**	**Total equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**
As at 1 July 2018 (as previously reported)	68,000	(251)	3,774	71,523
Adjustment arising from adoption of MFRS 9	-	107	(3,222)	(3,115)
As at 1 July 2018 (as adjusted)	68,000	(144)	552	68,408
Profit for the financial year	-	-	4,341	4,341
Foreign currency translation	-	51	-	51
Total comprehensive income for the financial year	-	51	4,341	4,392
As at 30 June 2019	**68,000**	**(93)**	**4,893**	**72,800**
As at 1 July 2017	20,000	297	48,001	68,298
Profit for the financial year	-	-	3,773	3,773
Foreign currency translation	-	(346)	-	(346)
Reclassification of foreign currency translation reserve to profit and loss on deregistration of a foreign subsidiary	-	(202)	-	(202)
Total comprehensive income for the financial year	-	(548)	3,773	3,225

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 [(1)] (Cont'd)

	←Non-distributable→			
	Share capital	**Exchange translation reserve**	**Distributable retained earnings**	**Total equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with owner				
Dividends	-	-	(48,000)	(48,000)
Issuances of ordinary shares	48,000	-	-	48,000
Total transactions with owner for the financial year	48,000	-	(48,000)	-
As at 30 June 2018	**68,000**	**(251)**	**3,774**	**71,523**

Note:
[(1)] The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this interim financial report.

CRG INCORPORATED BERHAD
(Company No: 880257-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 (1)

	12 months ended 30.6.2019 RM'000	**12 months ended 30.6.2018 RM'000**
Cash flows from operating activities		
Profit before taxation	8,497	6,460
Adjustments for:		
Depreciation of property, plant and equipment	3,152	2,788
Gain on disposal of property, plant and equipment	(64)	(2)
Waiver of debt	-	(80)
Impairment loss on trade receivables	2,721	1,342
Impairment losses on other receivables and deposit	30	-
Impairment losses on property, plant and equipment	822	-
Interest expenses	600	765
Interest income	(253)	(112)
Property, plant and equipment written off	290	15
Gain on deregistration of a subsidiary	-	(202)
Unrealised loss on foreign exchange, net	-	454
Unwinding of discount on provision for restoration costs	19	25
Operating profit before changes in working capital	15,814	11,453
Changes in working capital:		
Inventories	4,380	(1,181)
Trade and other receivables	3,625	(7,413)
Trade and other payables	(2,164)	765
Cash generated from operations	21,655	3,624
Tax paid	(3,375)	(2,176)
Tax refunded	1,406	375
Net cash generated from operating activities	19,686	1,823
Cash flows from investing activities		
Repayments to related parties (2)	(12)	(514)
Repayments from related parties (2)	-	5
Interest received	253	112
Proceeds from disposal of property, plant and equipment	69	2
Purchase of property, plant and equipment	(2,519)	(1,441)
Net cash used in investing activities	(2,209)	(1,836)
Cash flows from financing activities		
Interest paid	(600)	(765)
Net (repayment)/ drawdown of bankers' acceptance	(639)	639
Net repayment of term loans	(840)	(733)
Net cash used in financing activities	(2,079)	(859)

:

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019 [1] (cont'd)

	12 months ended 30.6.2019 RM'000	12 months ended 30.6.2018 RM'000
Net increase / (decrease) in cash and cash equivalents	15,398	(872)
Effects of exchange rate changes on cash and cash equivalents	37	(262)
Cash and cash equivalents at beginning of financial year	15,430	16,564
Cash and cash equivalents at end of financial year	**30,865**	**15,430**

Notes:
[1] *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 June 2018 and the accompanying explanatory notes attached to this interim financial report.*
[2] *"related parties" refers to certain subsidiaries of Bonia Corporation Berhad ("Bonia") that were related to the Group prior to its demerger from Bonia.*

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED 30 JUNE 2019

A1. Basis of Preparation

These interim financial statements of CRG and its subsidiaries ("Group") are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting, and Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad.

This report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 June 2018. The explanatory notes attached to this report provide an explanation of events and transactions that are significant to the understanding of changes in the financial position and performance of the Group since the financial year ended 30 June 2018.

A2. Accounting Policies

The significant accounting policies adopted by the Group in this report are consistent with those adopted in the Audited Financial Statements of the Group for the financial year ended 30 June 2018 except for the adoption of the following new accounting standards and amendments and interpretation:-

A2.1 Adoption of MFRS and amendments and interpretation effective for financial periods beginning on or after 1 January 2018

Title	**Effective Date**
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	See MFRS 4 Paragraphs 46 and 48

The adoption of the above accounting standards and amendments and interpretation has no significant impact on the financial statements of the Group except as mentioned below:

(a) MFRS 9, Financial Instruments

MFRS 9 replaces MFRS 139 which introduces new requirements for classification and measurement of financial instruments, impairment of financial assets and hedge accounting. MFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted.

A2. Accounting Policies (cont'd)

A2.1 Adoption of MFRS and amendments and interpretation effective for financial periods beginning on or after 1 January 2018 (cont'd)

(a) MFRS 9, Financial Instruments (cont'd)

Classification and measurements of financial instruments

Under MFRS 9 financial assets are classified according to the entity's business model for managing the assets and the asset's contractual cash flow characteristics. The new standard contains three principal classification categories for financial assets which are measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income ("FVOCI").

- Amortised cost - a financial asset is measured at amortised cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- FVOCI - a financial asset is classified and measured at fair value through other comprehensive income if the asset is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

- FVTPL - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

MFRS 9 retains most of the MFRS 139 requirements for classification and measurement of financial liabilities. The new requirements only affect the accounting for financial liabilities that are designated at FVTPL.

There was no material impact on the Group's financial assets and financial liabilities upon application of the new classification and measurements of financial instruments.

Impairment

MFRS 9 replaces the Incurred Loss model in MFRS 139 with a forward-looking Expected Credit Loss ("ECL") model. The ECL model applies to financial assets that are measured at amortised cost or at FVOCI and issued financial guarantee contracts.

The Group uses the Simplified Approach to calculate ECL for debtors based on its historical credit loss experience with debtors of similar credit risk characteristics, adjusted for forward-looking factors specific to the category of debtors and the economic environment.

In accordance with the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and has performed assessment on the impact on accounting to its financial assets as at 1 July 2018, of which the effects will be adjusted in the opening balances of the current period.

A2. Accounting Policies (cont'd)

A2.1 Adoption of MFRS and amendments and interpretation effective for financial periods beginning on or after 1 January 2018 (cont'd)

(a) MFRS 9, Financial Instruments (cont'd)

The financial effects arising from the initial adoption of MFRS 9 are as follows :-

	As previously reported as at 1 July 2018	**Effects of adoption of MFRS 9**	**Restated as at 1 July 2018**
	RM'000	**RM'000**	**RM'000**
Condensed Consolidated Statements of Financial Position			
<u>Assets</u>			
Deferred tax assets	566	198	764
Trade and other receivables	27,757	(3,313)	24,444
Impact to assets	28,323	(3,115)	25,208
<u>Equity</u>			
Retained earnings	3,774	(3,222)	552
Exchange translation reserve	(251)	107	(144)
Impact to equity	3,523	(3,115)	408

(b) MFRS 15, Revenue From Contracts With Customers

MFRS 15 replaces MFRS 118 *Revenues*, MFRS 111 *Construction Contracts* and related IC Interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements related to nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. MFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early application permitted.

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the considerations to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying a five – step model as follows:-

1) Identify the contracts with customer;
2) Identify the separate performance obligations;
3) Determine the transaction price;
4) Allocate the transaction price to the performance obligations in the contract; and
5) Recognise revenue when each performance obligation is satisfied.

There was no material impact on the Group's consolidated financial statements upon application of MFRS 15.

A2. Accounting Policies (cont'd)

A2.2 MFRS and Amendments and interpretation effective for financial periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the financial impact of implementing these Standards and Amendments.

A3. Seasonal or Cyclical Factors

The Group's business operations are generally dependent on the Malaysia economy, government initiatives and consumer confidence, as well as major festive seasons.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items as a result of their nature, size or incidence that had affected this interim financial report for the current financial period under review.

A5. Material Changes in Accounting Estimates

There were no material changes in accounting estimates in the current financial period under review.

A6. Debt and Equity Securities

There were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial period under review.

A7. Segmental Information

The Group's revenue is analysed as follows:

(i) By product group

	Individual 6 months ended		**Cumulative 12 months ended**	
	30.6.2019 RM'000	**30.6.2018 RM'000**	**30.6.2019 RM'000**	**30.6.2018 RM'000**
Handbags [(1)]	38,395	38,138	74,291	72,407
Women footwear	18,195	17,195	31,795	30,617
Accessories	8,209	5,990	16,412	12,147
Total	**64,799**	**61,323**	**122,498**	**115,171**

Note:
(1) Including sales of materials for handbags (which were sourced by the Group) to external manufacturers.

(ii) By brand

	Individual 6 months ended		**Cumulative 12 months ended**	
	30.6.2019 RM'000	**30.6.2018 RM'000**	**30.6.2019 RM'000**	**30.6.2018 RM'000**
Carlo Rino	49,868	50,404	96,648	96,552
CR2	14,931	10,678	25,824	18,224
G. Davin [(1)]	-	241	26	395
Total	**64,799**	**61,323**	**122,498**	**115,171**

Note:
(1) Being products which the Group acquired from a subsidiary of Bonia and the products were all sold during the financial period under review. The Group will not have any further dealing on G. Davin products.

(iii) By geographical location

	Individual 6 months ended		**Cumulative 12 months ended**	
	30.6.2019 RM'000	**30.6.2018 RM'000**	**30.6.2019 RM'000**	**30.6.2018 RM'000**
Malaysia	63,441	59,905	119,538	112,142
Vietnam	531	792	1,392	1,757
Indonesia	788	549	1,434	881
Kuwait	-	(13)	-	231
Others [(1)]	39	90	134	160
Total	**64,799**	**61,323**	**122,498**	**115,171**

Note:
(1) Comprising Brunei, Singapore and Saudi Arabia.

A7. Segmental Information (cont'd)

The Group's revenue is analysed as follows (cont'd):

(iv) By business segment

	Individual 6 months ended		**Cumulative 12 months ended**	
	30.6.2019 RM'000	**30.6.2018 RM'000**	**30.6.2019 RM'000**	**30.6.2018 RM'000**
Boutique	29,073	29,343	54,243	56,211
Department store	31,032	25,837	56,132	45,614
E-commerce	3,239	2,661	6,916	5,430
Distributor/Dealer	791	1,890	2,871	5,015
	64,135	**59,731**	**120,162**	**112,270**
Outright sales of materials	664	1,592	2,336	2,901
Total	**64,799**	**61,323**	**122,498**	**115,171**

A8. Related parties transactions

Transacting related parties	**Nature of transactions**	**12 months ended As at 30.6.2019 RM'000**
Luxury Parade Sdn. Bhd. ("LPSB")	Payment of joint security management fees to LPSB in respect of the security services for the entire Block C (located at Jalan Cheras Zen 1A, Taman Platinum Cheras) comprising 6 level of office building together with 92 units of carpark bays	82
LPSB	Rental paid to LPSB in respect of tenancy of office space at Asmah Tower which was used as corporate office of our Group (terminated on 30.09.2018)	149
PT Active World ("PTAW")	Rental paid to PTAW in respect of tenancy of office space at Block D23 and D25, Ruko Cordoba, Jalan Marina Indah, Bukit Golf Mediterania, Pantai Indah Kapuk, Jakarta Utara, Indonesia (terminated on 31.08.2018)	2 (equivalent to Rp7,083million)
Bonia International Holdings Pte Ltd ("BIH")	Trademarks royalties paid to BIH based on percentage of transacted sales for the trademarks rights granted	40
Total		273

A9. Qualification of Preceding Annual Financial Statements

The Company's preceding Audited Financial Statements for the financial year ended 30 June 2018 did not contain any qualification.

A10. Material Events Subsequent to the End of the Reporting Period

There were no material events subsequent to the end of reporting period.

A11. Changes in Composition of the Group

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

A12. Contingent Liabilities

The Company has the following contingent liabilities as at 30 June 2019:

	As at 30 June 2019 **RM'000**
Corporate guarantees to financial institutions for banking facilities granted to and utilised by subsidiaries	2,849
Corporate guarantees to landlords for tenancy agreements entered into by a subsidiary	1,273

Total	4,122
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A13. Capital Commitments

The total capital commitments of the Group as at 30 June 2019 are as follows:

	As at 30 June 2019 **RM'000**
Authorised and contractual for:	
Property, plant and equipment:	
-office equipment	140
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B. ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Performance Review

2HFY19 vs 2HFY18

For current financial period under review, the Group had reclassified sale trade margin (which was previously netted against revenue) from revenue to cost of sales ("**Reclassification**"), amounted to RM6.14 million. The Reclassification arose from the adoption of MFRS 15. Without the Reclassification, the Group recorded a total revenue of RM58.66 million, representing a decrease of 4.34% or RM2.66 million as compared to the corresponding period of the preceding year. The decline in revenue was due to the followings:

(i) the departmental store sales recorded a decrease of 3.05% or RM0.79 million as compared to corresponding period of preceding year subsequent to the closing of non-performing departmental store counters in the current financial period under review; and

(ii) sales through distributors/dealers recorded a decrease of 58.2% or RM1.10 million as compared to corresponding period of preceding year mainly resulted from the lackluster sales from oversea markets e.g. Kuwait, Saudi Arabia and Vietnam.

The Group recorded an improved PBT of RM5.91 million for the current financial period, representing an increase of RM2.33 million or 65.08% as compared to RM3.58 million reported in the corresponding period of preceding year. The improvement in PBT was mainly due to: (i) the reduction in operating cost as a result of consolidation and rationalisation exercise to close down non-performing departmental store counters and boutiques; and (ii) one-off listing expenses which was incurred and recognised during 2H FY18.

The higher effective tax rate for the Group for current financial period under review was mainly due to deferred tax assets that have not been recognised for temporary differences arising from the unutilised tax losses of loss making subsidiaries especially oversea subsidiaries.

2HFY19 vs 1HFY19

For the current financial period under review, the Group recorded a revenue of RM64.80 million (RM 58.66 million without the Reclassification), representing an increase of RM7.10 million or 12.31% (RM5.99 million or 11.37% without the Reclassification) as compared to the revenue of RM57.70 million (RM52.67 million without the Reclassification) reported in the immediate preceding period, mainly generated from Chinese New Year sales and Hari Raya sales.

The Group's PBT for the current financial period under review was RM5.91 million, representing an increase of RM3.32 million or 128.19% as compared to RM2.59 million in the immediate preceding period, mainly due to: (i) an increase in revenue during festive seasons, and (ii) an increase in gross profit margin as a result of improved procurement practices.

B2. Prospects

The Group expects the fast fashion retail scene to continue perform well amid stiff competition from new players in the retail market, particularly from the e-commerce environment that requires lesser start-up investment. Moving forward, the business operating environment will become increasingly challenging due to the global economic slowdown triggered by the worsening US–China trade tension.

In view thereof, the Group will offer a variety of product mix in line with consumer preferences to capture a greater market share. The Group has recently launched Carlo Rino's timepiece to its existing products offering, which will be sold through e-commerce channels as well as major boutiques. However, the Group does not expect timepiece to make significant contribution to its revenue in the near future.

Barring unforeseen circumstances, the Board of Directors of the Company expects the Group's operating performance for coming financial year to remain challenging.

B3. Profit Forecast, Profit Guarantee and Internal Targets

No revenue or profit estimate, forecast, projection or internal targets has been issued by the Group previously in any public document.

C. OTHER INFORMATION

C1. Status of Corporate Proposals

There were no corporate proposals announced and pending completion as at the date of this report.

C2. Borrowings

As at the end of the respective financial year, the Group's borrowings (all denominated in RM) are as follows:

	12 months ended 30.6.2019 RM'000	**12 months ended 30.6.2018 RM'000**
Current liabilities		
Secured		
Term loans	771	693
Unsecured		
Bankers' acceptance	-	639
Hire purchase	73	-
	844	1,332
Non-current liabilities		
Secured		
Term loans	14,254	15,172
Unsecured		
Hire purchase	327	-
	14,581	15,172
Total	**15,425**	**16,504**

C3. Material Litigation

There are no material litigations involving the Group as at the date of this report.

C4. Dividend

The Directors did not declare any interim dividend in respect of the reporting period.

C5. Earnings Per Share

	Individual 6 months ended		Cumulative 12 months ended	
	30.6.2019	**30.6.2018**	**30.6.2019**	**30.6.2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit attributable to owner of the Company	3,442	2,036	4,341	3,773
Weighted average number of ordinary shares ('000)	805,651	805,651	805,651	805,651
Basic earnings per ordinary share (Sen)	0.43	0.25	0.54	0.47

This Report is dated 29 August 2019.