



CRG INCORPORATED BERHAD

Registration No. 200901037127 (880257-A)

(Incorporated in Malaysia under the Companies Act 1965 and deemed registered under the Companies Act 2016)

HALF YEARLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2020

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.

This Half Yearly Report is dated 25 February 2021

CRG INCORPORATED BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	39,321	51,055	39,321	51,055
Cost of sales	(16,897)	(24,281)	(16,897)	(24,281)
Gross profit	22,424	26,774	22,424	26,774
Other operating income	1,761	689	1,761	689
Selling and distribution expenses	(10,430)	(13,257)	(10,430)	(13,257)
General and administrative expenses	(7,468)	(9,196)	(7,468)	(9,196)
Profit from operations	6,287	5,010	6,287	5,010
Finance costs	(323)	(503)	(323)	(503)
Profit before taxation	5,964	4,507	5,964	4,507
Taxation	(2,061)	(1,718)	(2,061)	(1,718)
Profit after taxation	3,903	2,789	3,903	2,789
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit and loss				
Foreign currency translations	85	12	85	12
Total other comprehensive income, net of tax	85	12	85	12
Total comprehensive income	3,988	2,801	3,988	2,801
Profit attributable to owner of the parent	3,903	2,789	3,903	2,789
Total comprehensive income attributable to owner of the parent	3,988	2,801	3,988	2,801
Earnings per share attributable to owner of the parent (Sen)				
- Basic	0.48	0.35	0.48	0.35

Note:

⁽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 Statement of the Group for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 ⁽¹⁾

	Unaudited as at 31.12.2020 RM'000	Audited as at 30.6.2020 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	23,409	24,247
Right-of-use assets	12,960	11,869
Investment property	4,800	4,800
Goodwill	20	20
Other investment	3,584	-
Deferred tax assets	1,180	1,164
Total non-current assets	45,953	42,100
CURRENT ASSETS		
Inventories	9,531	9,624
Trade and other receivables	13,314	9,359
Current tax assets	149	127
Cash and bank balances	41,022	43,617
Short term funds	5,660	5,603
Total current assets	69,676	68,330
TOTAL ASSETS	115,629	110,430
EQUITY		
Share capital	68,000	68,000
Reserves	6,144	4,170
Total equity	74,144	72,170
NON-CURRENT LIABILITIES		
Borrowings	12,813	12,958
Lease liabilities	9,232	7,956
Provision for restoration costs	463	484
Deferred tax liabilities	69	69
Total non-current liabilities	22,577	21,467
CURRENT LIABILITIES		
Trade and other payables	10,404	9,403
Borrowings	941	960
Lease liabilities	5,199	5,384
Provision for restoration costs	347	296
Current tax liabilities	2,017	750
Total current liabilities	18,908	16,793
Total liabilities	41,485	38,260
TOTAL EQUITY AND LIABILITIES	115,629	110,430
Net assets per share (RM)	0.0920	0.0896

Note:

⁽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 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾

	←	Non-distributable		→		
	Share capital	Exchange translation reserve	Revaluation reserve		Distributable retained earnings	Total equity
	RM'000	RM'000	RM'000		RM'000	RM'000
As at 1 July 2020	68,000	(242)	806		3,606	72,170
Profit for the financial period	-	-	-		3,903	3,903
Foreign currency translation, net of tax	-	85	-		-	85
Total comprehensive income for the period	-	85	-		3,903	3,988
Transaction with owner						
Dividends paid	-	-	-		(2,014)	(2,014)
Transaction with owner	-	-	-		(2,014)	(2,014)
As at 31 December 2020	68,000	(157)	806		5,495	74,144

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾ (Cont'd)

	← Non-distributable	→			
	Share capital	Exchange translation reserve	Revaluation reserve	Distributable retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2019 (as previously reported)	68,000	(199)	-	4,999	72,800
Effects of adoption of MFRS 16	-	-	-	(402)	(402)
As at 1 July 2019 (as restated)	68,000	(199)	-	4,597	72,398
Profit for the financial period	-	-	-	2,789	2,789
Foreign currency translation, net of tax	-	12	-	-	12
Total comprehensive income for the period	-	12	-	2,789	2,801
Transaction with owner					
Dividends paid	-	-	-	(2,014)	(2,014)
Transaction with owner	-	-	-	(2,014)	(2,014)
As at 31 December 2019	68,000	(187)	-	5,372	73,185

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 2020 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾

	6 months ended 31.12.2020 RM'000	6 months ended 31.12.2019 RM'000
Cash flows from operating activities		
Profit before tax	5,964	4,507
Adjustments for:		
Depreciation of property, plant and equipment	1,159	1,457
Depreciation of right-of-use assets	3,438	3,412
Gain on reassessment and modification of lease	(130)	-
Fair value (gain)/ loss on short term funds	(1)	4
Loss on disposal of property, plant and equipment	-	11
Impairment loss on trade and other receivables	1	5
Interest expenses	309	489
Interest income and distribution income from short term funds	(257)	(281)
Lease concessions	(626)	-
Property, plant and equipment written off	3	12
Reversal of impairment losses on trade and other receivables	(219)	(331)
Unrealised loss gain on foreign exchange, net	225	25
Unwinding of discount on provision for restoration costs	14	15
Operating profit before changes in working capital	<u>9,880</u>	<u>9,325</u>
Changes in working capital:		
Inventories	93	3,643
Trade and other receivables	(3,956)	1,882
Trade and other payables	994	2,426
Cash generated from operations	<u>7,011</u>	<u>17,276</u>
Tax paid	(843)	(1,478)
Tax refunded	10	-
Net cash generated from operating activities	<u>6,178</u>	<u>15,798</u>
Cash flows from investing activities		
Interest received	257	281
Investment in unquoted shares	(3,584)	-
Proceeds from disposal of property, plant and equipment	-	12
Purchase of property, plant and equipment	(319)	(278)
Placement of short term funds	(56)	(3,531)
Net cash used in investing activities	<u>(3,702)</u>	<u>(3,516)</u>
Cash flows from financing activities		
Interest paid	(9)	(101)
Dividends paid	(2,014)	(2,014)
Repayment of hire purchase	-	(37)
Repayment of term loans	(164)	(613)
Repayment of lease liabilities	(2,965)	(3,536)
Net cash used in financing activities	<u>(5,152)</u>	<u>(6,301)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾ (Cont'd)

	6 months ended 31.12.2020 RM'000	6 months ended 31.12.2019 RM'000
Net (decrease)/increase in cash and cash equivalents	(2,676)	5,981
Effects of exchange rate changes on cash and cash equivalents	81	13
Cash and cash equivalents at beginning of financial period	43,617	30,865
Cash and cash equivalents at end of financial period	41,022	36,859

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 2020 and the accompanying explanatory notes attached to this interim financial report.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**A1. Basis of Preparation**

The interim financial statements of CRG and its subsidiaries (the “Group”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting. This is the interim financial report on the consolidated results for the half-year ended 31 December 2020 announced by the Company in compliance with the LEAP Market Listing Requirements of Bursa Securities.

This report should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 30 June 2020. 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 2020.

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 2020 except for the adoption of the following new accounting standards and amendments and interpretation:-

A2.1 Adoption of MFRS and amendments effective for financial periods beginning on or after 1 January 2020

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 4 Insurance Contract – Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

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A2. Accounting Policies (cont'd)**A2.2 MFRS and Amendment effective for financial years beginning on or after 1 January 2021**

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

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
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

A3. Seasonal or Cyclical Factors

Our 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

Save for the Covid-19 pandemic and the enforcement of movement control order by the Malaysian government throughout the reporting period, 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 for the current financial period under review.

A7. Segmental Performance

	1HFY21			1HFY20		
	Retailing RM'000	Investment and management services RM'000	Total RM'000	Retailing RM'000	Investment and management services RM'000	Total RM'000
<u>Revenue</u>						
Total revenue	54,013	14,687	68,700	68,578	10,696	79,274
Inter-segment revenue	(14,830)	(14,549)	(29,379)	(17,523)	(10,696)	(28,219)
Revenue from external customers	39,183	138	39,321	51,055	-	51,055
Interest income	218	39	257	255	26	281
Interest expenses	(265)	(58)	(323)	(346)	(157)	(503)
Net interest expenses	(47)	(19)	(66)	(91)	(131)	(222)
Segment profit/ (loss) before tax	6,301	(337)	5,964	5,788	(1,281)	4,507
Tax expense	1,792	269	2,061	1,596	122	1,718
Segment assets	59,085	55,215	114,300	70,145	45,114	115,259
Segment liabilities	19,509	19,890	39,399	21,034	20,449	41,483

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A8. Related parties transactions

Transacting related parties	Nature of transactions	6 months ended 31.12.2020 RM'000
Luxury Parade Sdn Bhd	Joint security management for the security services for 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	41
Total		41

A9. Qualification of Preceding Annual Financial Statements

The Company's preceding Audited Financial Statements for the financial year ended 30 June 2020 did not contain any qualification.

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

Save as disclosed in item C5, there were no material events subsequent to the end of current financial period.

A11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current financial period.

A12. Contingent Liabilities

Save as disclosed below, as at 31 December 2020, the Company is unaware of other contingent liabilities:

	As at 31 December 2020 RM'000
Corporate guarantee to financial institutions for banking facilities granted to and utilised by subsidiaries	2,543
Corporate guarantees to landlords for tenancy agreements entered into by a subsidiary	604
Total	----- 3,147 =====

A13. Capital Commitments

The total capital commitments of the Group as at 31 December 2020 are as follows:

	As at 31 December 2020 RM'000
Authorised and contractual for:	
Property, plant and equipment:	
- counter fixture	294
	=====

A14. Valuation of property, plant and equipment and investment property

There were no changes or amendments to the valuation of property, plant and equipment and investment property from the Group's previous financial statements.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Performance Review

For current financial period under review, the Group recorded a total revenue of RM39.32 million as compared to a revenue of RM51.06 million reported in the preceding year corresponding period, representing a decrease of 22.99% or RM11.74 million. The significant decrease in revenue was mainly due to weak consumer spending as a result of economic uncertainty during the Covid-19 pandemic.

Despite the decline in revenue, the Group's profit before tax increased by 32.15% or RM1.45 million, primary due to the Group's proactive action and continue effort in optimizing the operating cost coupled with rental rebate received from landlord and wages subsidies provided by the Government during this difficult time.

B2. Prospects

The Group anticipates that the retail conditions will continue to be challenging in the near-term as prevailing business outlook in Malaysia is still uncertain and the Covid-19 situation continues to evolve. Nevertheless, the Group will continue its effort to adapt to the new operating environment to sustain the momentum of sales and operational efficiency.

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 reporting date, the Group's borrowings (all denominated in RM) are as follows:

	6 months ended 31.12.2020 RM'000	6 months ended 31.12.2019 RM'000
<u>Current liabilities</u>		
Secured		
Hire purchase and lease creditor	-	74
Term loans	941	801
	<hr/> 941	<hr/> 875
<u>Non-current liabilities</u>		
Secured		
Hire purchase and lease creditor	-	288
Term loans	12,813	13,610
	<hr/> 12,813	<hr/> 13,898
Total	<hr/> 13,754 <hr/>	<hr/> 14,773 <hr/>

C3. Material Litigation

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

C4. Earnings Per Share

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owner of the Company	3,903	2,789	3,903	2,789
	<hr/>			
Weighted average number of ordinary shares ('000)	805,651	805,651	805,651	805,651
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Basic earnings per ordinary share (Sen)	0.48	0.35	0.48	0.35
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C5. Material Events During and Subsequent to the Reporting Period

- i) On 10 September 2020, CRI Sdn. Bhd. (“CRI”) (a wholly-owned subsidiary of CRG) subscribed for 6,800 new ordinary shares in the share capital of Shoppr Labs Sdn Bhd (“SLSB”) for a subscription consideration of RM3,584,484.

On 29 January 2021, CRI increased its investment in SLSB by further subscribed for 1,071 new ordinary shares in SLSB for a subscription consideration of RM898,162.

- ii) On 29 December 2020, CRI entered into a subscription agreement with Carzo Holdings Sdn Bhd (“CHSB”) for the subscription by CRI of 15,888,600 new ordinary shares in CHSB (“CHSB Share(s)”), representing 20% of the resultant total number of issued CHSB Shares, at an issue price of RM0.2518 per CHSB Share. The said subscription was completed on 20 January 2021.

Pursuant to terms and conditions of the aforesaid subscription agreement, CRI and the then shareholders of CHSB namely Dato’ Sri Delon Lee Kean Yip and Cheong Wai Keh had on 15 January 2021 entered into a shareholders agreement to govern their relationship as shareholders of CHSB and to record their respective rights and obligations in relation to the management and functioning of CHSB and other matters incidental thereto.

C6. Dividend

On 25 February 2021, the Board of Directors of the Company has authorised for a distribution out of the profits and/or retained earnings of the Company available in the form of a single tier interim dividend of RM0.0025 per ordinary share in respect of the financial year ending 30 June 2021 for shareholders whose names appear in the Company’s Record of Depositors as at 5 March 2021, which is payable on 18 March 2021.