



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 2021

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 24 February 2022

CRG INCORPORATED BERHAD

Registration No. 200901037127 (880257-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 ⁽¹⁾

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue	36,925	39,321	36,925	39,321
Cost of sales	(15,174)	(16,897)	(15,174)	(16,897)
Gross profit	21,751	22,424	21,751	22,424
Other operating income	1,844	1,761	1,844	1,761
Selling and distribution expenses	(8,670)	(10,430)	(8,670)	(10,430)
General and administrative expenses	(7,283)	(7,468)	(7,283)	(7,468)
Profit from operations	7,642	6,287	7,642	6,287
Finance costs	(338)	(323)	(338)	(323)
Share of loss of an associate, net	(97)	-	(97)	-
Profit before taxation	7,207	5,964	7,207	5,964
Taxation	(2,176)	(2,061)	(2,176)	(2,061)
Profit after taxation	5,031	3,903	5,031	3,903
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit and loss				
Foreign currency translations	3	85	3	85
Total other comprehensive income, net of tax	3	85	3	85
Total comprehensive income	5,034	3,988	5,034	3,988
Profit attributable to owner of the parent	5,031	3,903	5,031	3,903
Total comprehensive income attributable to owner of the parent	5,034	3,988	5,034	3,988
Earnings per share attributable to owner of the parent (Sen)				
- Basic	0.62	0.48	0.62	0.48

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 2021 and the accompanying explanatory notes attached to this interim financial report.

CRG INCORPORATED BERHAD

Registration No. 200901037127 (880257-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 ⁽¹⁾

	Unaudited as at 31.12.2021 RM'000	Audited as at 30.6.2021 RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	22,370	22,471
Right-of-use assets	17,671	14,146
Goodwill	20	20
Investment property	4,800	4,800
Investment in an associate	4,356	4,453
Deferred tax assets	1,152	1,032
Total non-current assets	50,369	46,922
CURRENT ASSETS		
Inventories	8,496	9,589
Trade and other receivables	15,593	10,761
Current tax assets	239	195
Cash and bank balances	39,266	39,601
Short term funds	5,763	5,711
Total current assets	69,357	65,857
TOTAL ASSETS	119,726	112,779
EQUITY		
Share capital	68,000	68,000
Reserves	7,132	4,112
Total equity	75,132	72,112
NON-CURRENT LIABILITIES		
Borrowings	11,307	12,012
Lease liabilities	14,459	11,610
Deferred tax liabilities	50	50
Provision for restoration costs	594	591
Total non-current liabilities	26,410	24,263
CURRENT LIABILITIES		
Trade and other payables	9,748	9,083
Borrowings	1,022	1,024
Lease liabilities	6,074	5,246
Provision for restoration costs	300	259
Current tax liabilities	1,040	792
Total current liabilities	18,184	16,404
Total liabilities	44,594	40,667
TOTAL EQUITY AND LIABILITIES	119,726	112,779
Net assets per share (RM)	0.0933	0.0895

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 2021 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 2021 ⁽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 2021	68,000	(256)	806		3,562	72,112
Profit for the financial period	-	-	-		5,031	5,031
Foreign currency translation, net of tax	-	3	-		-	3
Total comprehensive income for the period	-	3	-		5,031	5,034
Transaction with owner						
Dividends paid	-	-	-		(2,014)	(2,014)
Transaction with owner	-	-	-		(2,014)	(2,014)
As at 31 December 2021	68,000	(253)	806		6,579	75,132

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 ⁽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 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

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 2021 and the accompanying explanatory notes attached to this interim financial report.

CRG INCORPORATED BERHAD

Registration No. 200901037127 (880257-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 ⁽¹⁾

	6 months ended 31.12.2021 RM'000	6 months ended 31.12.2020 RM'000
Cash flows from operating activities		
Profit before tax	7,207	5,964
Adjustments for:		
Depreciation of property, plant and equipment	946	1,159
Depreciation of right-of-use assets	3,088	3,438
Fair value gain on short term funds	(5)	(1)
Gain on disposal of property, plant and equipment	(3)	-
Gain on reassessment and modification of lease	-	(130)
Impairment loss on trade and other receivables	7	1
Interest expenses	327	309
Interest income and distribution income from short term funds	(232)	(257)
Lease concessions	(842)	(626)
Property, plant and equipment written off	1	3
Reversal of impairment losses on trade and other receivables	(111)	(219)
Share of loss of an associate, net of tax	97	-
Unrealised (gain)/ loss on foreign exchange, net	(5)	225
Unwinding of discount on provision for restoration costs	11	14
Operating profit before changes in working capital	10,486	9,880
Changes in working capital:		
Inventories	1,093	93
Trade and other receivables	(4,720)	(3,956)
Trade and other payables	520	994
Cash generated from operations	7,379	7,011
Tax paid	(2,092)	(843)
Tax refunded	-	10
Net cash generated from operating activities	5,287	6,178
Cash flows from investing activities		
Interest received	232	257
Investment in unquoted shares	-	(3,584)
Placement of short term funds	(47)	(56)
Proceeds from disposal of property, plant and equipment	4	-
Purchase of property, plant and equipment	(701)	(319)
Net cash used in investing activities	(512)	(3,702)
Cash flows from financing activities		
Interest paid	(5)	(9)
Dividends paid	(2,014)	(2,014)
Repayments of lease liabilities	(2,383)	(2,965)
Repayment of term loans	(718)	(175)
Drawdowns of term loans	11	11
Net cash used in financing activities	(5,109)	(5,152)

CRG INCORPORATED BERHAD

Registration No. 200901037127 (880257-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 ⁽¹⁾ (Cont'd)

	6 months ended 31.12.2021 RM'000	6 months ended 31.12.2020 RM'000
Net decrease in cash and cash equivalents	(334)	(2,676)
Effects of exchange rate changes on cash and cash equivalents	(1)	81
Cash and cash equivalents at beginning of financial period	39,601	43,617
Cash and cash equivalents at end of financial period	39,266	41,022

Note:

⁽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 2021 and the accompanying explanatory notes attached to this interim financial report.

CRG INCORPORATED BERHAD

Registration No. 200901037127 (880257-A)

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**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 2021 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 2021. 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 2021.

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 2021 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 2021

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021

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

A2. Accounting Policies (cont'd)

A2.2 MFRS and Amendments effective for financial years beginning on or after 1 January 2022

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
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112 <i>Income Taxes</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 impact, 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.

CRG INCORPORATED BERHAD

Registration No. 200901037127 (880257-A)

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

	6 months ended 31.12.2021			6 months ended 31.12.2020		
	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	51,039	9,099	60,138	54,013	14,687	68,700
Inter-segment revenue	(14,251)	(8,962)	(23,213)	(14,830)	(14,549)	(29,379)
Revenue from external customers	36,788	137	36,925	39,183	138	39,321
Interest income	206	26	232	218	39	257
Interest expenses	(303)	(35)	(338)	(265)	(58)	(323)
Net interest expenses	(97)	(9)	(106)	(47)	(19)	(66)
Segment profit/ (loss) before tax	8,031	(727)	7,304	6,301	(337)	5,964
Share of loss of an associate	-	(97)	(97)	-	-	-
Profit/ (loss) before tax	8,031	(824)	7,207	6,301	(337)	5,964
Tax expense	1,983	193	2,176	1,792	269	2,061
Segment assets	67,001	51,334	118,335	59,085	55,215	114,300
Segment liabilities	24,677	18,827	43,504	19,509	19,890	39,399

CRG INCORPORATED BERHAD

Registration No. 200901037127 (880257-A)

A8. Related parties transactions

Transacting related parties	Nature of transactions	6 months ended 31.12.2021 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	20
Bonia International Holdings Pte Ltd ("BIH")	Trademarks royalties paid to BIH based on percentage of transacted sales for the trademarks rights granted	15
Total		35

A9. Qualification of Preceding Annual Financial Statements

The Company's preceding Audited Financial Statements for the financial year ended 30 June 2021 did not contain any qualification.

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

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 2021, the Company is unaware of other contingent liabilities:

	As at 31 December 2021 RM'000
Corporate guarantee to financial institutions for banking facilities granted to and utilised by subsidiaries	2,104
Corporate guarantees to landlords for tenancy agreements entered into by a subsidiary	188
Total	2,292

A13. Capital Commitments

The total capital commitments of the Group as at 31 December 2021 are as follows:

	As at 31 December 2021 RM'000
Authorised and contractual for:	
Property, plant and equipment:	
- counter fixture	415
- office equipment	9

	424
	=====

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 reported a revenue of RM36.93 million as compared to a revenue of RM39.32 million reported in the preceding year corresponding period, representing a decline of 6.08% or RM2.39 million. The decrease in revenue was primary due to business suspension of all of our retail outlets as a result of the imposition of nationwide full lockdown since 1 June 2021, of which business only progressively resumed from 16 August 2021 onwards.

Despite the decline in revenue, the Group's profit before tax increased by 20.97% or RM1.25 million, mainly due to the Group's proactive action and continuous effort in optimizing the operating cost coupled with rental rebate received from landlords and wages subsidies provided by the Government.

B2. Prospects

The surge of Omicron variant cases and uncertainties about the Covid-19 pandemic's trajectory continue to disrupt the retail industry. However, with the resumption of economic activities, interstate and overseas travel, the Group is cautiously optimistic that the market outlook for the remaining period of financial year ending 30 June 2022 to be positive.

Nevertheless, the Group will continue to improve its business strategies and navigate through the ever-changing business environment to ensure that the Group remains resilient. At the same time, the Group shall remain prudent in its resources management while simultaneously improving its 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 31.12.2021 RM'000	6 months ended 31.12.2020 RM'000
<u>Current liabilities</u>		
Secured		
Term loans	1,022	941
	<hr/> 1,022	<hr/> 941
<u>Non-current liabilities</u>		
Secured		
Term loans	11,307	12,813
	<hr/> 11,307	<hr/> 12,813
Total	<hr/> 12,329 <hr/>	<hr/> 13,754 <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	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Profit attributable to owner of the Company	5,031	3,903	5,031	3,903
	<hr/>			
Weighted average number of ordinary shares ('000)	805,651	805,651	805,651	805,651
	<hr/>			
Basic earnings per ordinary share (Sen)	0.62	0.48	0.62	0.48
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C5. Material Events During and Subsequent to the Reporting Period

On 9 September 2021, Carzo Holdings Berhad (CRG's indirect associate company) was listed on the LEAP Market of Bursa Securities.

CRG INCORPORATED BERHAD

Registration No. 200901037127 (880257-A)

C6. Dividend

On 24 February 2022, the Board of Directors of CRG has authorised for the 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 for the financial year ending 30 June 2022 to shareholders whose names appear in the Company's Record of Depositors as at 7 March 2022, which is payable on 17 March 2022.