CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
Registration No: 200901037127 (880257 - A)
(Incorporated in Malaysia)

DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

30 JUNE 2023

Registration No:
200901037127 (880257 - A)

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

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CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are designing, promoting, marketing, distributing and retailing of women's footwear, handbags and accessories; property development and property investment; investment holdings of securities; and provision of management services. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year ended 30 June 2023.

CHANGE OF COMPANY NAME

On 23 December 2022, the Company had changed its name from CRG Incorporated Berhad to Carlo Rino Group Berhad.

RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the parent	23,853,260	22,186,824

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of the financial year ended 30 June 2022:	
Special single tier interim dividend of 0.75 sen per ordinary share, paid on 9 August 2022	6,042,385
In respect of the financial year ended 30 June 2023:	
Single tier interim dividend of 0.50 sen per ordinary share, paid on 23 September 2022	4,028,257
Single tier interim dividend of 0.50 sen per ordinary share, paid on 21 March 2023	4,028,257
	14,098,899

The Directors do not recommend any final dividend in respect of the financial year ended 30 June 2023.

The Directors also declared and paid the following dividend, of which will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2024:

	Company
In respect of the financial year ending 30 June 2024:	
Single tier interim dividend of 0.50 sen per ordinary share, paid on 15 September 2023	4,028,257

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year ended 30 June 2023.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year ended 30 June 2023.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year ended 30 June 2023.

DIRECTORS OF CARLO RINO GROUP BERHAD (FORMERLY KNOWN AS CRG INCORPORATED BERHAD)

The Directors who held office during the financial year and up to the date of this report are as follows:

Datuk Ng Peng Hong @ Ng Peng Hay	- Independent Non-Executive Chairman
Dato' Sri Chiang Fong Yee	- Managing Director
Ong Boon Huat	- Executive Director

DIRECTORS OF SUBSIDIARIES OF CARLO RINO GROUP BERHAD (FORMERLY KNOWN AS CRG INCORPORATED BERHAD)

Pursuant to Section 253 of the Companies Act 2016, the Directors of the subsidiaries of Carlo Rino Group Berhad (formerly known as CRG Incorporated Berhad) during the financial year and up to the date of this report are as follows:

Dato' Sri Chiang Fong Yee
Datin Sri Lo Kin Yee
Chong Chie Hoe (ceased on 14 August 2023)
Erna Kusumawati

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year ended 30 June 2023 were as follows:

	Number of ordinary shares			
	Balance as at 1.7.2022	**Additions**	**Sold/ Transferred**	**Balance as at 30.6.2023**
The Company				
Direct interest				
Dato' Sri Chiang Fong Yee	201,376,940	55,623,558	-	257,000,498
Indirect interest				
Dato' Sri Chiang Fong Yee	73,639,400	24,169,542	(73,639,400)	24,169,542

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefit which may be deemed to have been derived by virtue of the remuneration received and receivable by certain Directors from related corporations in their capacity as Directors or full-time employees of those related corporations and those transactions entered into in the ordinary course of business with companies in which a Director of the Company and its subsidiaries has substantial interests.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The directors' fees and other benefits of the Directors of the Group and of the Company who held office during the financial year ended 30 June 2023 are as follows:

	Group RM	Company RM
Directors' fees	90,000	66,000
Short term employee benefits	1,589,589	23,100
Contributions to defined contribution plan	191,490	780
	1,871,079	89,880

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Group and the Company for the financial year ended 30 June 2023 was RM4,146.

There was no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year ended 30 June 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year ended 30 June 2023 in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF REPORTING PERIOD

(a) On 29 August 2022, the Company adopted a dividend policy to distribute not less than 30% of the Company's net profit attributed to shareholders available in each financial year in the form of dividends to the shareholders of the Company annually, commenced from the financial year ended 30 June 2023.

(b) On 18 October 2022, Carzo Holdings Berhad ("CHB") completed its 1st tranche of private placement of 7,142,700 ordinary shares to identified investors, further diluted CRI Sdn. Bhd.'s equity interest in CHB from 18% to 16.65%. Further on 22 August 2023, CHB announced that the deadline for CHB to implement the private placement has lapsed.

(c) On 14 November 2022, CRI Sdn. Bhd., has entered into a Sale and Purchase Agreement with LM Textile Sdn. Bhd. to dispose of a unit of 3 storey Semi-Detached Factory at a sale consideration of RM5,800,000. The disposal was completed during the financial year under review.

(d) On 23 November 2022, the Company subscribed for 100 ordinary shares in the share capital of Imbi Strada Sdn. Bhd. ("ISSB"), representing 100% equity interest in ISSB for a cash consideration of RM100.

(e) On 30 November 2022, the Managing Director of the Group, Dato' Sri Chiang Fong Yee resigned from the board of CHB, resulted in the cessation of the Group's significant influence over the associate. Subsequently, the investment was accounted as other investment.

(f) On 9 December 2022, the Company increased its investment of RM9,999,900 in the share capital of ISSB by way of cash subscription.

(g) On 21 December 2022, ISSB has entered into a Sale and Purchase Agreement with Industrial Property Management Sdn. Bhd. to acquire a piece of freehold land together with a rundown 2 ½ storey detached bungalow erected thereon at a purchase consideration of RM16,500,000. The acquisition was completed during the financial year under review.

(h) On 23 December 2022, the Company's name was changed from "CRG Incorporated Berhad" to "Carlo Rino Group Berhad".

(i) On 9 March 2023, the Company further increased its investment of RM8,000,000 in the share capital of ISSB by way of cash subscription.

(j) On 14 August 2023, the Company announced that:
- proposed transfer of the listing and quotation of the entire enlarged issued share capital of the Company from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("LEAP Market") to the ACE Market of Bursa Securities ("Proposed Transfer");
- proposed withdrawal of the Company's listing from the official list of the LEAP Market pursuant to Rule 8.06 of the LEAP Market Listing Requirements of Bursa Securities ("Proposed Withdrawal of Listing"); and
- it has, on the same day received a letter from Dato' Sri Chiang Fong Yee, Chiang Sang Sem and Freeway Team Sdn. Bhd. (collectively, "Joint Offerors") to undertake a pre-conditional voluntary general offer to acquire all the remaining ordinary shares of the Company not already held by the Joint Offerors and the persons acting in concert with them, to facilitate the Proposed Withdrawal of Listing.

(k) On 14 August 2023, the relevant Vietnamese regulatory authority confirmed that the voluntary dissolution of CRR had been completed.

AUDITORS

The auditors, BDO PLT 201906000013 (LLP0018825-LCA) & AF 0206, have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 30 June 2023 were as follows:

	Group RM	**Company RM**
Statutory audit	112,000	28,300
Other audit-related services	104,000	18,200
	216,000	46,500

Signed on behalf of the Board in accordance with a resolution of the Directors.

....
Dato' Sri Chiang Fong Yee
Managing Director

....
Ong Boon Huat
Executive Director

Kuala Lumpur
25 September 2023

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 16 to 112 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

....	....
Dato' Sri Chiang Fong Yee	**Ong Boon Huat**
Managing Director	Executive Director

Kuala Lumpur
25 September 2023

STATUTORY DECLARATION

I, Dato' Sri Chiang Fong Yee, being the Managing Director primarily responsible for the financial management of Carlo Rino Group Berhad (formerly known as CRG Incorporated Berhad), do solemnly and sincerely declare that the financial statements set out on pages 16 to 112 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly	)	
declared by the abovenamed at	)	
Kuala Lumpur this	)	
25 September 2023	)	**Dato' Sri Chiang Fong Yee**

Before me:

Mardhiyyah Abdul Wahab
Commissioner for Oaths
No. W729
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARLO RINO GROUP BERHAD (FORMERLY KNOWN AS CRG INCORPORATED BERHAD) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Carlo Rino Group Berhad (formerly known as CRG Incorporated Berhad), which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 112.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws* (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD) (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

Key Audit Matters of the Group

1. ***Impairment assessment of the carrying amounts of property, plant and equipment and right-of-use assets***

   As disclosed in Notes 7 and 8 to the financial statements, the carrying amounts of property, plant and equipment and right-of-use assets of the Group amounted to RM40,368,534 and RM15,341,552 respectively as at 30 June 2023.

   Management used forecasted future cash flows in value-in-use model to determine the recoverable amounts of these property, plant and equipment and right-of-use assets (hereinafter referred to as Cash Generating Units ("CGUs")) to assess if there is any impairment loss required on the property, plant and equipment and right-of-use assets.

   We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

   Our audit procedures included the following:

   (a) Compared cash flow projections against recent performance and assessed and evaluated the key assumptions used in the projections by comparing to actual historical operating profit margins and growth rates;

   (b) Compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;

   (c) Assessed appropriateness of pre-tax discount rates used for each CGU by comparing to the weighted average cost of capital of the Group and the relevant risk factors; and

   (d) Performed sensitivity analysis to stress test the key assumptions in the impairment model.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD) (continued)
(Incorporated in Malaysia)**

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

2. Carrying amount of inventories at the lower of cost and net realisable value

As disclosed in Note 15 to the financial statements, the Group held RM14,520,093 of inventories at the end of the reporting period.

We determined this to be a key audit matter as the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires the management to exercise significant judgement in estimating the net realisable value of the inventories.

In estimating the net realisable value of inventories, the management considers the inventories' ageing, fashion pattern, current economic conditions, market demand, expectation of future prices and changes in customer preference of the respective inventories.

Our audit procedures included the following:

(a) Discussed with management and obtained an understanding of the process implemented by management over the determination of the lower of cost and net realisable value of inventories;

(b) Tested the accuracy of inventories' ageing;

(c) Tested the weighted average costing of inventories; and

(d) Tested inventories as well as old and slow-moving inventories for sales subsequent to the year end to support the assertion that the carrying amount of inventories is at the lower of cost and net realisable value.

3. Recoverability of trade receivables

As at 30 June 2023, the net carrying amount of trade receivables of the Group was RM3,955,559, as disclosed in Note 16 to the financial statements.

The Group has impaired trade receivables of RM215,879 as at 30 June 2023.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD) (continued)
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Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

3. Recoverability of trade receivables (continued)

Our audit procedures included the following:

(a) Assessed the adequacy of credit impaired assessment performed by management on trade receivables exceeding their credit terms and long overdue and old balances;

(b) Tested the accuracy of trade receivables' ageing;

(c) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;

(d) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group;

(e) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and

(f) Assessed cash receipts subsequent to the end of the reporting period for its effect in reducing amounts outstanding as at the end of the reporting period.

Key Audit Matter of the Company

1. Impairment assessment of the carrying amounts of costs of investments in subsidiaries

As disclosed in Note 11 to the financial statements, the net carrying amounts of costs of investments in subsidiaries amounted to RM72,274,021 as at 30 June 2023.

Management used forecasted future cash flows and a value-in-use model to compute the present value of forecasted future cash flows for the subsidiaries/CGUs to determine if there is any impairment loss required on the costs of investments in subsidiaries.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARLO RINO GROUP BERHAD (FORMERLY KNOWN AS CRG INCORPORATED BERHAD) (continued) (Incorporated in Malaysia)

Key Audit Matters (continued)

Key Audit Matter of the Company (continued)

1. ***Impairment assessment of the carrying amounts of costs of investments in subsidiaries (continued)***

   We determined the impairment assessment of the carrying amounts of the costs of investments in subsidiaries to be a key audit matter as the determination of whether or not an impairment loss is necessary involves significant judgements and estimates by the management about the future results and key assumptions applied to cash flow projections of the subsidiaries/CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

   Our audit procedures included the following:

   (a) Compared cash flows projections against recent performance and assessed the reasonableness of the key assumptions used by management in the cash flows projections by comparing to actual historical operating profit margins and growth rates;

   (b) Compared prior period projections to actual outcomes to assess the reliability of management's forecasting process;

   (c) Assessed the reasonableness of the pre-tax discount rate used for each subsidiary by comparing to the weighted average cost of capital of the Group and relevant risk factors; and

   (d) Performed sensitivity analysis to stress test the key assumptions used by management in the impairment model.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARLO RINO GROUP BERHAD (FORMERLY KNOWN AS CRG INCORPORATED BERHAD) (continued) (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD) (continued)
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Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD) (continued)
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Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Law Kian Huat
02855/06/2024 J
Chartered Accountant

Kuala Lumpur
25 September 2023

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-current assets					
Property, plant and equipment	7	40,368,534	23,479,479	51,420	65,042
Right-of-use assets	8	15,341,552	18,036,835	-	-
Goodwill	9	-	-	-	-
Investment properties	10	-	4,800,000	21,720,000	21,720,000
Investments in subsidiaries	11	-	-	72,274,021	54,356,934
Investment in an associate	12	-	4,184,575	-	-
Other investments	13	4,766,580	-	-	-
Deferred tax assets	14	1,281,000	1,405,000	-	1,000
		61,757,666	51,905,889	94,045,441	76,142,976
Current assets					
Inventories	15	14,520,093	11,120,373	-	-
Trade and other receivables	16	8,800,317	19,618,471	91,606	91,217
Current tax assets		154,989	327,041	-	-
Cash and bank balances	17	60,864,265	47,320,844	10,074,871	21,246,748
Short term funds	18	2,936,086	5,814,580	-	-
		87,275,750	84,201,309	10,166,477	21,337,965
TOTAL ASSETS		149,033,416	136,107,198	104,211,918	97,480,941
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	19	68,000,000	68,000,000	68,000,000	68,000,000
Reserves	20	32,179,742	22,320,041	27,451,090	19,363,165
TOTAL EQUITY		100,179,742	90,320,041	95,451,090	87,363,165
LIABILITIES					
Non-current liabilities					
Borrowings	21	18,597,744	10,568,254	7,875,030	8,986,983
Lease liabilities	8	11,929,431	14,048,805	-	-
Deferred tax liabilities	14	9,000	50,000	9,000	-
Provision for restoration costs	23	1,134,716	1,203,712	-	-
		31,670,891	25,870,771	7,884,030	8,986,983

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2023 (continued)

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
LIABILITIES (continued)					
Current liabilities					
Trade and other payables	24	8,986,966	10,417,569	103,864	308,494
Borrowings	21	1,102,914	1,043,109	727,734	770,649
Lease liabilities	8	5,452,283	5,705,368	-	-
Provision for restoration costs	23	342,150	287,382	-	-
Current tax liabilities		1,298,470	2,462,958	45,200	51,650
		17,182,783	19,916,386	876,798	1,130,793
TOTAL LIABILITIES		48,853,674	45,787,157	8,760,828	10,117,776
TOTAL EQUITY AND LIABILITIES		149,033,416	136,107,198	104,211,918	97,480,941

The accompanying notes form an integral part of the financial statements.

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
Revenue	27	113,533,766	101,786,605	23,413,806	15,862,654
Cost of sales	28	(43,469,464)	(38,743,397)	-	-
Gross profit		70,064,302	63,043,208	23,413,806	15,862,654
Other operating income		3,392,590	3,431,128	111,929	56,661
Net (loss)/gain on impairment of financial assets	29	(228,371)	(134,032)	-	169,180
Selling and distribution expenses		(24,611,922)	(20,798,338)	-	-
General and administrative expenses		(15,507,894)	(15,523,104)	(1,149,493)	(887,864)
Finance costs		(749,468)	(716,857)	(11)	-
Share of loss of an associate, net of tax	12	(908,743)	(268,656)	-	-
Profit before tax	29	31,450,494	29,033,349	22,376,231	15,200,631
Tax expense	30	(7,597,234)	(6,802,742)	(189,407)	(179,788)
Profit for the financial year		23,853,260	22,230,607	22,186,824	15,020,843
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations	30	505	6,039	-	-
Items that will not be reclassified subsequently to profit or loss					
Fair value adjustment on other investments	30	910,535	-	-	-
Realisation of revaluation reserve on disposal of investment properties	30	(805,700)	-	-	-
Total other comprehensive income, net of tax		105,340	6,039	-	-
Total comprehensive income		23,958,600	22,236,646	22,186,824	15,020,843
Profit attributable to owners of parent		23,853,260	22,230,607	22,186,824	15,020,843
Total comprehensive income attributable to owners of the parent		23,958,600	22,236,646	22,186,824	15,020,843
Earnings per ordinary share attributable to equity holders of the Company (sen)					
Basic and Diluted	31	2.96	2.76		

The accompanying notes form an integral part of the financial statements.

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Non-distributable					
						Distributable	
Group	**Note**	**Share capital RM**	**Exchange translation reserve RM**	**Revaluation reserve RM**	**Fair value reserve RM**	**Retained earnings RM**	**Total equity RM**
Balance as at 1 July 2021		68,000,000	(256,092)	805,700	-	3,562,044	72,111,652
Profit for the financial year		-	-	-	-	22,230,607	22,230,607
Foreign currency translation, net of tax		-	6,039	-	-	-	6,039
Total comprehensive income		-	6,039	-	-	22,230,607	22,236,646
Transaction with owners							
Dividend paid	32	-	-	-	-	(4,028,257)	(4,028,257)
Total transaction with owners		-	-	-	-	(4,028,257)	(4,028,257)
Balance as at 30 June 2022		68,000,000	(250,053)	805,700	-	21,764,394	90,320,041

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (continued)

			Non-distributable			Distributable	
Group	**Note**	**Share capital RM**	**Exchange translation reserve RM**	**Revaluation reserve RM**	**Fair value reserve RM**	**Retained earnings RM**	**Total equity RM**
Balance as at 1 July 2022		68,000,000	(250,053)	805,700	-	21,764,394	90,320,041
Profit for the financial year		-	-	-	-	23,853,260	23,853,260
Fair value adjustment on other investments		-	-	-	910,535	-	910,535
Realisation of revaluation reserve on disposal of investment properties		-	-	(805,700)	-	-	(805,700)
Foreign currency translation, net of tax		-	505	-	-	-	505
Total comprehensive income		-	505	(805,700)	910,535	23,853,260	23,958,600
Transaction with owners							
Dividend paid	32	-	-	-	-	(14,098,899)	(14,098,899)
Total transaction with owners		-	-	-	-	(14,098,899)	(14,098,899)
Balance as at 30 June 2023		68,000,000	(249,548)	-	910,535	31,518,755	100,179,742

The accompanying notes form an integral part of the financial statements.

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Company	Note	Non-distributable Share capital RM	Distributable Retained earnings RM	Total equity RM
Balance as at 1 July 2021		68,000,000	8,370,579	76,370,579
Profit for the financial year		-	15,020,843	15,020,843
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	15,020,843	15,020,843
Transaction with owners				
Dividend paid	32	-	(4,028,257)	(4,028,257)
Total transaction with owners		-	(4,028,257)	(4,028,257)
Balance as at 30 June 2022		68,000,000	19,363,165	87,363,165
Profit for the financial year		-	22,186,824	22,186,824
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	22,186,824	22,186,824
Transaction with owners				
Dividend paid	32	-	(14,098,899)	(14,098,899)
Total transaction with owners		-	(14,098,899)	(14,098,899)
Balance as at 30 June 2023		68,000,000	27,451,090	95,451,090

The accompanying notes form an integral part of the financial statements.

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		31,450,494	29,033,349	22,376,231	15,200,631
Adjustments for:					
Depreciation of property, plant and equipment	7	2,208,051	1,996,593	17,122	18,572
Depreciation of right-of-use assets	8	6,313,702	6,253,716	-	-
Dividend income	27	-	-	(22,200,006)	(14,750,004)
Fair value gain on short term funds	29	(112,823)	(50,866)	-	-
Gain on dilution of interest in an associate	29	(580,213)	-	-	-
Gain on reassessments and modifications of leases	8	-	(917,528)	-	-
Impairment losses on:					
- investments in subsidiaries	11	-	-	82,913	-
- trade and other receivables	16	241,049	215,379	-	-
- goodwill	9	-	19,750	-	-
Reversal of impairment losses on:					
- trade and other receivables	16	(12,678)	(81,347)	-	-
- amounts owing by subsidiaries	16	-	-	-	(169,180)
- right-of-use assets	8	-	(8,753)	-	-
Interest expenses	29	642,417	619,919	11	-
Interest income	29	(717,061)	(490,144)	(86,285)	(25,242)
Other receivable written off	29	1,175	2,476	-	-
Property, plant and equipment written off	29	3,053	500	-	-
Lease concessions	8	(39,343)	(984,443)	-	-
Gain on disposal of investment properties	29	(1,855,700)	-	-	-
Gain on disposal of property, plant and equipment, net	29	(4,011)	(3,147)	-	-
Share of loss of an associate, net of tax	12	908,743	268,656	-	-
Unrealised gain on foreign exchange, net		(16,675)	(119,468)	(14,523)	(4,365)
Unwinding of discount on provision for restoration costs	23	107,051	96,938	-	-
Operating profit before changes in working capital		38,537,231	35,851,580	175,463	270,412
Changes in working capital:					
Inventories		(3,399,720)	(1,530,359)	-	-
Trade and other receivables		10,589,883	(8,877,555)	(389)	(1,280)
Trade and other payables		(2,209,031)	975,680	(204,630)	224,094
Cash from/(used in) operations		43,518,363	26,419,346	(29,556)	493,226

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023 (continued)

		Group		Company	
		2023	**2022**	**2023**	**2022**
	Note	**RM**	**RM**	**RM**	**RM**
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Tax paid		(8,456,670)	(5,640,416)	(185,857)	(188,398)
Tax refunded		-	4,133	-	-
Net cash from/(used in) operating activities		35,061,693	20,783,063	(215,413)	304,828
CASH FLOWS FROM INVESTING ACTIVITIES					
Repayments from subsidiaries		-	-	-	169,180
Subscription of shares in a subsidiary	11	-	-	(18,000,000)	-
Interest received		717,061	490,144	86,285	25,242
Withdrawal/(Placement) of short term funds		2,991,317	(53,192)	-	-
Dividends received		-	-	22,200,006	14,750,004
Proceeds from disposal of investment properties		5,800,000	-	-	-
Proceeds from disposal of property, plant and equipment		4,750	3,500	-	-
Purchase of property, plant and equipment	7(a)	(18,323,052)	(2,649,005)	(3,500)	(54,770)
Net cash (used in)/from investing activities		(8,809,924)	(2,208,553)	4,282,791	14,889,656
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(5,387)	(8,880)	-	-
Dividends paid	32	(14,098,899)	(4,028,257)	(14,098,899)	(4,028,257)
Payments of lease liabilities	8(d)	(6,690,053)	(5,402,160)	-	-
Repayments of term loans		(3,480,496)	(1,436,016)	(1,154,879)	(1,102,728)
Drawdowns of term loans		11,550,000	11,189	-	120
Net cash used in financing activities		(12,724,835)	(10,864,124)	(15,253,778)	(5,130,865)
Net change in cash and cash equivalents		13,526,934	7,710,386	(11,186,400)	10,063,619
Effects of exchange rate changes on cash and cash equivalents		16,487	9,272	14,523	4,204
Cash and cash equivalents at beginning of financial year		47,320,844	39,601,186	21,246,748	11,178,925
Cash and cash equivalents at end of financial year	17	60,864,265	47,320,844	10,074,871	21,246,748

The accompanying notes form an integral part of the financial statements.

CARLO RINO GROUP BERHAD
(FORMERLY KNOWN AS CRG INCORPORATED BERHAD)
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2023

1. CORPORATE INFORMATION

Carlo Rino Group Berhad (formerly known as CRG Incorporated Berhad) ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the LEAP Market of Bursa Malaysia Securities Berhad with effect from 28 November 2018.

The registered office of the Company is located at No.5-1, Jalan Radin Bagus 9, Bandar Baru Sri Petaling, 57000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business of the Company is located at L2-05, 2nd Floor, Ikon Connaught, Lot 160, Jalan Cerdas, Taman Connaught, Cheras, 56000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

On 23 December 2022, the Company had changed its name from CRG Incorporated Berhad to Carlo Rino Group Berhad.

The consolidated financial statements for the financial year ended 30 June 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 September 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of its subsidiaries are designing, promoting, marketing, distributing and retailing of women's footwear, handbags and accessories; property development and property investment; investment holdings of securities; and provision of management services. The principal activities and the details of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year ended 30 June 2023.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of the adoption of the new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5.1 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee;

(b) Exposure, or rights, to variable returns from its involvement with the investee; and

(c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;

(b) Rights arising from other contractual agreements; and

(c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

Non-controlling interests represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) right-of-use assets and lease liabilities for leases are recognised and measured in accordance with MFRS 16 *Leases*;

(c) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(d) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Other contingent consideration that:

    (i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9.

    (ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combinations (continued)

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.9 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the Company and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation (continued)

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Buildings	2%
Electrical installation	15%
Furniture, fittings and counter fixtures	15% - 33⅓%
Motor vehicles	20%
Office equipment	15% - 20%
Plant and machinery	20%
Renovation	25%

Freehold land has unlimited useful life and is not depreciated.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 4.10 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases (continued)

The Group as lessee (continued)

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. Short-term leases are leases with a lease term of twelve (12) months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Boutiques	2 to 9 years
Hostels	2.5 years
Motor vehicles	5 years
Office	6 years

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases (continued)

The Group as lessee (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales, if any, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

4.6 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale or held for distribution (or included in a disposal group that is classified as held for sale or held for distribution) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investment in an associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investment.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.7 Investment in an associate (continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

4.8 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumptions that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and has recent experience in the location and category of the investment properties being valued.

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in the profit or loss in the period of the retirement or disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.9 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of the cost of investment over the share of the net fair value of the net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

4.10 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries and investment in an associate), inventories, deferred tax assets and investment properties measured at fair value, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill has an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGUs") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGUs of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Impairment of non-financial assets (continued)

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value-in-use.

In estimating value-in-use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.11 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average method. Cost of consumables and raw materials comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset (unless it is a trade receivable that does not contain a significant financing component) or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract in the event an embedded derivative is recognised separately is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (“FVTPL”), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(a) Financial assets (continued)

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below: (continued)

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries and an associate at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(a) Financial assets (continued)

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities measured at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group’s own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

(b) Financial liabilities (continued)

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.13 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

4.14 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Equity (continued)

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

4.15 Impairment of financial assets

The Group applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions of the Group's industry to estimate the amount of expected impairment loss. The methodology and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers.

The expected loss rates are based on the Group's historical credit losses experience over the three (3) year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the Gross Domestic Product ("GDP"), Overnight Policy Interest Rate ("OPR"), retail sales growth, unemployment rate and inflation rate (2022: GDP, OPR, retail sales growth, unemployment rate and inflation rate) as the key macroeconomic factors.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Impairment of financial assets (continued)

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward-looking information (GDP, OPR, retail sales growth, unemployment rate and inflation rate (2022: GDP, OPR, retail sales growth, unemployment rate and inflation rate)) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables, amounts owing by subsidiaries and amounts owing by related parties are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses are recognised while interest income is recognised on a gross basis. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses are recognised while interest income is recognised on a net basis.

The Group defines significant increase in credit risk based on the operating performance of the receivables, changes in contractual terms, payment trends and past due information. A significant increase in credit risk is presumed if contractual payments are more than 150 days past due.

The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred, which includes debtors who are in significant difficulties or have defaulted on payments.

The probability of non-payment by other receivables, amounts owing by subsidiaries and amounts owing by related parties are adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, amounts owing by subsidiaries and amounts owing by related parties.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.17 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries on distributions to the Group and the Company, and real property gains taxes payable on the disposal of properties.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4.18 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Provision for restoration costs

Provision for restoration costs is included in the carrying amounts of right-of-use assets. This provision is recognised in respect of the obligation of the Group to restore leased outlets to its original state upon the expiry of tenancy agreements.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.20 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

4.21 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Foreign currencies (continued)

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, the attributable exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of each reporting period.

4.22 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Revenue recognition (continued)

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Sale of goods

Revenue from sales of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

(b) Management fee

Management fee is recognised at a point in time when management services are rendered and accepted by subsidiaries.

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.23 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group, particularly in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.24 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.24 Earnings per share (continued)

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.25 Fair value measurements

The fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combinations*)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 *Property, Plant and Equipment*)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022

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

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

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 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendment to MFRS 17 *Insurance Contract*)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 *Income Taxes*)	1 January 2023
Lease liability in a sale and leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Internal Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)	Refer paragraph 98M of MFRS 112
Supplier Finance Arrangements (Amendments to MFRS 107 *Statements of Cash Flows and* MFRS 7 *Financial Instruments: Disclosures*)	1 January 2024
Lack of Exchangeability (Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates*)	1 January 2025
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 *Consolidated Financial Statements and* MFRS 128 *Investments in Associates and Joint Ventures*)	Deferred

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Impairment assessment of the carrying amounts of property, plant and equipment and right-of-use assets

Management used forecasted future cash flows in value-in-use model to determine the recoverable amounts of property, plant and equipment and right-of-use assets in certain subsidiaries which have indication of impairment (hereinafter referred to as CGUs) to assess if there is any impairment loss required on the property, plant and equipment and right-of-use assets.

The determination of whether or not an impairment loss is necessary involves significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

(b) Carrying amount of inventories at the lower of cost and net realisable value

Management focused on the risk that the carrying amount of inventories may not be stated at the lower of cost and net realisable value, the determination of which requires the management to exercise significant judgement in estimating the net realisable value of the inventories.

In estimating the net realisable value of inventories, the management considers the inventories' ageing, fashion pattern, current economic conditions, market demand, expectation of future prices and changes in customer preference of the respective inventories.

(c) Recoverability of trade receivables

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

(d) Impairment assessment of the carrying amounts of cost of investments in subsidiaries

Management used forecasted future cash flows and a value-in-use model to compute the present value of forecasted future cash flows for the subsidiaries/CGUs to determine if there is any impairment loss required on the costs of investments in subsidiaries.

The determination of whether or not an impairment loss is necessary involves significant judgements and estimates by the management about the future results and key assumptions applied to cash flow projections of the subsidiaries/CGUs in determining their recoverable amounts. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

7. PROPERTY, PLANT AND EQUIPMENT

Group 30 June 2023 At cost	**Balance as at 1.7.2022 RM**	**Additions RM**	**Disposal RM**	**Written off RM**	**Balance as at 30.6.2023 RM**
Freehold land and building	22,802,490	17,370,400	-	-	40,172,890
Electrical installation	572,923	17,696	-	(21,360)	569,259
Furniture, fittings and counter fixtures	19,364,152	1,535,048	(25,314)	(974,398)	19,899,488
Motor vehicles	153,560	-	-	-	153,560
Office equipment	4,441,673	130,899	(3,394)	(91,941)	4,477,237
Plant and machinery	158,259	-	-	-	158,259
Renovation	1,223,322	26,715	-	(75,371)	1,174,666
Property under construction	-	20,140	-	-	20,140
	48,716,379	19,100,898	(28,708)	(1,163,070)	66,625,499

Group 30 June 2023 Accumulated depreciation	**Balance as at 1.7.2022 RM**	**Depreciation charge for the financial year RM**	**Disposal RM**	**Written off RM**	**Balance as at 30.6.2023 RM**
Freehold land and building	3,116,342	456,050	-	-	3,572,392
Electrical installation	441,216	39,177	-	(21,359)	459,034
Furniture, fittings and counter fixtures	16,182,569	1,217,231	(25,312)	(971,666)	16,402,822
Motor vehicles	44,232	30,711	-	-	74,943
Office equipment	3,495,179	316,949	(2,657)	(91,618)	3,717,853
Plant and machinery	158,256	-	-	-	158,256
Renovation	1,030,818	147,933	-	(75,367)	1,103,384
Property under construction	-	-	-	-	-
	24,468,612	2,208,051	(27,969)	(1,160,010)	25,488,684

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 30 June 2023 Accumulated impairment	Balance as at 1.7.2022 RM	Written off RM	Balance as at 30.6.2023 RM
Freehold land and building	-	-	-
Electrical installation	18,695	-	18,695
Furniture, fittings and counter fixtures	727,925	(7)	727,918
Motor vehicles	-	-	-
Office equipment	13,973	-	13,973
Plant and machinery	-	-	-
Renovation	7,695	-	7,695
Property under construction	-	-	-
	768,288	(7)	768,281

Group 30 June 2022 At cost	Balance as at 1.7.2021 RM	Additions RM	Disposal RM	Written off RM	Balance as at 30.6.2022 RM
Freehold land and building	22,802,490	-	-	-	22,802,490
Electrical installation	562,423	10,500	-	-	572,923
Furniture, fittings and counter fixtures	18,613,116	2,351,523	-	(1,600,487)	19,364,152
Motor vehicles	153,560	-	-	-	153,560
Office equipment	3,919,130	644,669	(15,052)	(107,074)	4,441,673
Plant and machinery	158,259	-	-	-	158,259
Renovation	1,223,322	-	-	-	1,223,322
	47,432,300	3,006,692	(15,052)	(1,707,561)	48,716,379

Group 30 June 2022 Accumulated depreciation	Balance as at 1.7.2021 RM	Depreciation charge for the financial year RM	Disposal RM	Written off RM	Balance as at 30.6.2022 RM
Freehold land and building	2,660,292	456,050	-	-	3,116,342
Electrical installation	392,448	48,768	-	-	441,216
Furniture, fittings and counter fixtures	16,445,680	1,044,305	-	(1,307,416)	16,182,569
Motor vehicles	13,521	30,711	-	-	44,232
Office equipment	3,346,742	269,715	(14,699)	(106,579)	3,495,179
Plant and machinery	158,256	-	-	-	158,256
Renovation	883,774	147,044	-	-	1,030,818
	23,900,713	1,996,593	(14,699)	(1,413,995)	24,468,612

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 30 June 2022 Accumulated impairment	Balance as at 1.7.2021 RM	Written off RM	Balance as at 30.6.2022 RM
Freehold land and building	-	-	-
Electrical installation	18,695	-	18,695
Furniture, fittings and counter fixtures	1,020,991	(293,066)	727,925
Motor vehicles	-	-	-
Office equipment	13,973	-	13,973
Plant and machinery	-	-	-
Renovation	7,695	-	7,695
	1,061,354	(293,066)	768,288

	Group	
Carrying amount	**2023 RM**	**2022 RM**
Freehold land and building	36,600,498	19,686,148
Electrical installation	91,530	113,012
Furniture, fittings and counter fixtures	2,768,748	2,453,658
Motor vehicles	78,617	109,328
Office equipment	745,411	932,521
Plant and machinery	3	3
Renovation	63,587	184,809
Property under construction	20,140	-
	40,368,534	23,479,479

Company 30 June 2023 At cost	Balance as at 1.7.2022 RM	Additions RM	Balance as at 30.6.2023 RM
Electrical installation	42,932	-	42,932
Furniture and fittings	64,830	3,500	68,330
Office equipment	69,395	-	69,395
Renovation	51,700	-	51,700
	228,857	3,500	232,357

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 30 June 2023 Accumulated depreciation	Balance as at 1.7.2022 RM	Depreciation charge for the financial year RM	Balance as at 30.6.2023 RM
Electrical installation	38,281	1,800	40,081
Furniture and fittings	9,962	9,810	19,772
Office equipment	68,696	693	69,389
Renovation	46,876	4,819	51,695
	163,815	17,122	180,937

Company 30 June 2022 At cost	Balance as at 1.7.2021 RM	Additions RM	Balance as at 30.6.2022 RM
Electrical installation	42,932	-	42,932
Furniture and fittings	10,060	54,770	64,830
Office equipment	69,395	-	69,395
Renovation	51,700	-	51,700
	174,087	54,770	228,857

Company 30 June 2022 Accumulated depreciation	Balance as at 1.7.2021 RM	Depreciation charge for the financial year RM	Balance as at 30.6.2022 RM
Electrical installation	32,228	6,053	38,281
Furniture and fittings	3,018	6,944	9,962
Office equipment	67,940	756	68,696
Renovation	42,057	4,819	46,876
	145,243	18,572	163,815

	Company	
Carrying amount	2023 RM	2022 RM
Electrical installation	2,851	4,651
Furniture and fittings	48,558	54,868
Office equipment	6	699
Renovation	5	4,824
	51,420	65,042

7. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Purchase of property, plant and equipment	19,100,898	3,006,692	3,500	54,770
Unsettled and remained as other payables	(777,846)	(357,687)	-	-
Cash payments on purchase of property, plant and equipment	18,323,052	2,649,005	3,500	54,770

(b) As at the end of the reporting period, the carrying amount of property, plant and equipment pledged as securities for banking facilities granted to the Group and the Company as disclosed in Note 22 to the financial statements are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Freehold land and building	35,421,181	18,478,863	-	-

(c) For the purpose of impairment assessment, recoverable amount of property, plant and equipment is determined based on a “value-in-use” of each CGU.

The carrying amounts of property, plant and equipment in certain subsidiaries which have indication of impairment amounted to RM399,951 (2022: RM930,430).

Value-in-use of the CGUs is determined by discounting the future cash flows to be generated from continuing use of the CGUs. Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Based on these assumptions, no impairment loss was recognised in relation to property, plant and equipment of the Group during the financial year.

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

8. LEASES

The Group as lessee

Right-of-use assets

Group 30 June 2023 At cost	**Balance as at 1.7.2022 RM**	**Reassessments and modifications RM**	**Additions RM**	**Balance as at 30.6.2023 RM**
Boutiques	39,104,785	3,238,221	-	42,343,006
Motor vehicles	436,700	-	-	436,700
Office	3,493,975	51,390	4,311	3,549,676
	43,035,460	3,289,611	4,311	46,329,382

Group 30 June 2023 Accumulated depreciation	**Balance as at 1.7.2022 RM**	**Depreciation charge for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.6.2023 RM**
Boutiques	21,017,074	5,535,371	(324,497)	26,227,948
Motor vehicles	269,297	87,340	-	356,637
Office	2,184,724	690,991	-	2,875,715
	23,471,095	6,313,702	(324,497)	29,460,300

Group 30 June 2023 Accumulated impairment	**Balance as at 1.7.2022/ 30.6.2023 RM**
Boutiques	1,527,530
Motor vehicles	-
Office	-
	1,527,530

8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

Group **30 June 2022** **At cost**	**Balance as at 1.7.2021** **RM**	**Reassessments and modifications** **RM**	**Additions** **RM**	**Balance as at 30.6.2022** **RM**
Boutiques	33,779,575	1,734,942	3,590,268	39,104,785
Hostels	71,381	(71,381)	-	-
Motor vehicles	436,700	-	-	436,700
Office	3,381,817	(26,903)	139,061	3,493,975
	37,669,473	1,636,658	3,729,329	43,035,460

Group **30 June 2022** **Accumulated depreciation**	**Balance as at 1.7.2021** **RM**	**Depreciation charge for the financial year** **RM**	**Reassessments and modifications** **RM**	**Balance as at 30.6.2022** **RM**
Boutiques	19,553,359	5,552,875	(4,089,160)	21,017,074
Hostels	68,401	17,798	(86,199)	-
Motor vehicles	181,958	87,339	-	269,297
Office	1,589,020	595,704	-	2,184,724
	21,392,738	6,253,716	(4,175,359)	23,471,095

Group **30 June 2022** **Accumulated impairment**	**Balance as at 1.7.2021** **RM**	**Reversal of impairment loss for the financial year** **RM**	**Reassessments and modifications** **RM**	**Balance as at 30.6.2022** **RM**
Boutiques	2,130,439	(8,753)	(594,156)	1,527,530
Hostels	-	-	-	-
Motor vehicles	-	-	-	-
Office	-	-	-	-
	2,130,439	(8,753)	(594,156)	1,527,530

8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

	Group	
	2023	**2022**
Carrying amount	**RM**	**RM**
Boutiques	14,587,528	16,560,181
Motor vehicles	80,063	167,403
Office	673,961	1,309,251
	15,341,552	18,036,835

(a) The Group leases boutiques, hostels, motor vehicles and office with lease periods of two (2) years to nine (9) years (2022: two (2) years to nine (9) years).

(b) The Group has certain leases of hostel with lease term of less than twelve (12) months and low-value lease of office of RM20,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.

(c) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	Group	
	2023	**2022**
	RM	**RM**
Addition of right-of-use assets	4,311	3,729,329
Financed by lease liabilities	-	(3,185,054)
Provision for restoration costs capitalised (Note 23(b))	(4,311)	(544,275)
Cash payments on right-of-use assets	-	-

8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

(d) The following are the amounts recognised in profit or loss:

	Group	
	2023	**2022**
	RM	**RM**
Included in general and administrative expenses:		
Expenses relating to leases of low-value assets	6,000	6,500
Depreciation charge of right-of-use assets	778,331	700,841
Included in selling and distribution expenses:		
Depreciation charge of right-of-use assets	5,535,371	5,552,875
Variable lease payments:		
- based on the monthly gross sales	2,130,193	1,855,386
Included in finance costs:		
Interest expense on lease liabilities	622,626	619,919
Included in other operating income:		
Gain on reassessments and modifications of leases	-	(917,528)
Arising from COVID-19-related rent concessions	(39,343)	(984,443)
	9,033,178	6,833,550

(e) For the purpose of impairment assessment, recoverable amount of the right-of-use assets is determined based on a “value-in-use” of each CGU.

The carrying amounts of right-of-use assets in certain subsidiaries which have indication of impairment amounted to RM830,341 (2022: RM3,971,184).

Value-in-use of the CGUs is determined by discounting the future cash flows for the remaining useful life of the right-of-use assets. Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Based on these assumptions, no impairment loss was recognised in relation to right-of-use assets of the Group during the financial year.

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities

Carrying amount	Balance as at 1.7.2022 RM	Reassessments and modifications RM	Lease payments RM	Lease concessions RM	Interest expense RM	Balance as at 30.6.2023 RM
Boutiques	18,382,059	3,688,308	(5,983,738)	(39,343)	582,662	16,629,948
Motor vehicles	170,468	-	(88,884)	-	5,387	86,971
Office	1,201,646	51,390	(622,818)	-	34,577	664,795
	19,754,173	3,739,698	(6,695,440)	(39,343)	622,626	17,381,714

Carrying amount	Balance as at 1.7.2021 RM	Reassessments and modifications RM	Additions RM	Lease payments RM	Lease concessions RM	Interest expense RM	Balance as at 30.6.2022 RM
Boutiques	14,852,535	5,473,827	3,185,054	(4,727,072)	(965,706)	563,421	18,382,059
Hostels	2,996	14,818	-	(16,500)	(1,500)	186	-
Motor vehicles	250,472	-	-	(88,884)	-	8,880	170,468
Office	1,750,035	-	-	(578,584)	(17,237)	47,432	1,201,646
	16,856,038	5,488,645	3,185,054	(5,411,040)	(984,443)	619,919	19,754,173

8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

Represented by:	Group 2023 RM	Group 2022 RM
Non-current liabilities		
- Lease liabilities owing to a financial institution	-	86,970
- Lease liabilities owing to non-financial institutions	11,929,431	13,961,835
	11,929,431	14,048,805
Current liabilities		
- Lease liabilities owing to a financial institution	86,970	83,498
- Lease liabilities owing to non-financial institutions	5,365,313	5,621,870
	5,452,283	5,705,368
	17,381,714	19,754,173

(a) The movements of lease liabilities during the financial year are as follows:

	Group 2023 RM	Group 2022 RM
At 1 July 2022/2021	19,754,173	16,856,038
Additions of lease liabilities	-	3,185,054
Interest charged for the year	622,626	619,919
Lease payments	(6,695,440)	(5,411,040)
Lease concessions	(39,343)	(984,443)
Reassessments and modifications	3,739,698	5,488,645
At 30 June 2023/2022	17,381,714	19,754,173

(b) At the end of the financial year, the Group had total cash outflow for leases of RM6,695,440 (2022: RM5,411,040).

(c) The Group has lease contracts for certain boutiques that contains variable payments based on the monthly gross sales. Variable lease payments are recognised in profit or loss when the condition that triggers those payments occur.

A 10% increase in monthly gross sales would increase total lease payments by 2.4% (2022: 2.6%).

8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

(d) Reconciliation of liabilities arising from financing activities:

Group	**Lease liabilities RM**
At 1 July 2022	19,754,173
Cash flows:	
- Net of repayments of borrowings	(6,695,440)
- Interest paid	5,387
	(6,690,053)
Non-cash flows:	
- Additions	-
- Reassessments and modifications	3,739,698
- Unwinding of interest	617,239
- Lease concessions	(39,343)
At 30 June 2023	17,381,714

Group	**Lease liabilities RM**
At 1 July 2021	16,856,038
Cash flows:	
- Net of repayments of borrowings	(5,411,040)
- Interest paid	8,880
	(5,402,160)
Non-cash flows:	
- Additions	3,185,054
- Reassessments and modifications	5,488,645
- Unwinding of interest	611,039
- Lease concessions	(984,443)
At 30 June 2022	19,754,173

8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

(e) The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

(f) Information on the financial risk of lease liabilities is disclosed in Note 37 to the financial statements.

The Group as lessor

The Group has entered into non-cancellable lease agreement for a warehouse for a term of two (2) years with an option to renew for another one (1) year. The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2023	**2022**
	RM	**RM**
Less than one (1) year	-	72,000

9. GOODWILL

	Group	
	2023	**2022**
	RM	**RM**
As at 1 July 2022/2021	-	19,750
Less: Impairment loss	-	(19,750)
As at 30 June 2023/2022	-	-

In previous financial year, the Group had impaired goodwill amounted to RM19,750.

10. INVESTMENT PROPERTIES

Group	**Balance as at 1.7.2022**	**Disposal**	**Balance as at 30.6.2023**
	RM	**RM**	**RM**
At fair value			
Leasehold land and building	4,800,000	(4,800,000)	-

10. INVESTMENT PROPERTIES (continued)

Group	Balance as at 1.7.2021/ 30.6.2022 RM
At fair value	
Leasehold land and building	4,800,000

Company	Balance as at 1.7.2022/ 30.6.2023 RM
At fair value	
Leasehold land and building	21,720,000

Company	Balance as at 1.7.2021/ 30.6.2022 RM
At fair value	
Leasehold land and building	21,720,000

(a) As at the end of reporting period, the investment properties pledged as securities for banking facilities granted to the Group and the Company as disclosed in Note 22 to the financial statements are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Freehold land and buildings	-	-	20,340,000	20,340,000
Leasehold land and building	-	4,800,000	-	-
	-	4,800,000	20,340,000	20,340,000

(b) As at the end of reporting period, rental income of the Group and the Company derived from the investment properties are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental income	72,000	280,800	1,213,800	1,112,650

10. INVESTMENT PROPERTIES (continued)

(c) The amounts of direct expenses recognised in profit or loss during the financial year are as follows:

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Income generating units				
Repairs and maintenance	664	1,940	352,608	235,613
Quit rent and assessment	12,948	12,948	16,066	16,066

(d) The fair value of investment properties of the Group and the Company are categorised as follows:

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
2023				
Leasehold land and building	-	-	-	-
2022				
Leasehold land and building	-	-	4,800,000	4,800,000

Company	**Level 1**	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
2023				
Freehold land and buildings	-	-	21,720,000	21,720,000
2022				
Freehold land and buildings	-	-	21,720,000	21,720,000

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2023 and 30 June 2022.

(ii) As at 30 June 2023, the valuation of investment properties of the Group and the Company at Level 3 fair value amounting to RM Nil (2022: RM4,800,000) and RM21,720,000 (2022: RM21,720,000) respectively were recommended by the Directors based on indicative market values from the valuation exercise carried out on an open market value basis by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The valuations were made based on the comparison method that makes reference to recent sales transactions of similar properties in the same locality on a price per square feet basis. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

(iii) The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use. The investment properties of the Group and the Company are mainly used to generate rental income.

11. INVESTMENTS IN SUBSIDIARIES

	Company 2023 RM	Company 2022 RM
Unquoted shares - at cost	92,375,563	74,375,563
Less: Impairment losses	(20,101,542)	(20,018,629)
	72,274,021	54,356,934

(a) The details of the subsidiaries, incorporated in Malaysia except otherwise stated, are as follows:

Name of company	Country of incorporation and principal place of business	Effective interest in equity 2023 %	Effective interest in equity 2022 %	Principal activities
CR Boutique Sdn. Bhd. (“CRB”)	Malaysia	100	100	Retailing of women footwear, handbags and accessories
CRF Marketing Sdn. Bhd. (“CRF”)	Malaysia	100	100	Designing, promoting and marketing of women footwear
CRL Marketing Sdn. Bhd. (“CRL”)	Malaysia	100	100	Designing, promoting and marketing of women handbags and accessories
CRI Sdn. Bhd. (“CRI”)	Malaysia	100	100	Investment holding
CRV Sdn. Bhd. (“CRV”)	Malaysia	100	100	Marketing and distribution of fashionable goods and accessories, and provision of management services
PT CRI Mitra Sejati (“PTCMS”) [(1)] *(Incorporated in Indonesia)*	Indonesia	100	100	Wholesale import of fashionable goods and accessories
CRR Vietnam Co., Ltd. (“CRR”) [(1)] [(2)] *(Incorporated in Vietnam)*	Vietnam	100	100	Management consultancy activities and to implement the right of import, distribution, wholesales of goods
Imbi Strada Sdn. Bhd. (“ISSB”)	Malaysia	100	-	Property development and property investment

(1) Consolidated based on its management account for the financial year ended 30 June 2023. The financial statements of these subsidiaries are not required to be audited as they were in the progress of members’ voluntary winding-up or voluntary dissolution at the end of the financial year ended 30 June 2023

(2) On 14 August 2023, the voluntary dissolution of CRR had been completed.

11. INVESTMENTS IN SUBSIDIARIES (continued)

(b) On 23 November 2022, the Company incorporated a wholly-owned subsidiary, ISSB with an initial capital of RM100 comprising 100 ordinary shares. Subsequently, the Company increased its investment of RM17,999,900 in the share capital of ISSB by way of cash subscription.

(c) In the previous financial year, CRR had submitted a voluntary dissolution application.

(d) On 14 August 2023, the relevant Vietnamese regulatory authority confirmed that the voluntary dissolution of CRR had been completed.

(e) The management has assessed whether there were any indicators of impairment during the financial year. Management has performed impairment assessments and the recoverable amounts are determined based on the value-in-use of CGUs.

Management has made significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining the recoverable amount using the value-in-use model. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Based on these assumptions, impairment losses of RM82,913 (2022: RM Nil) is recognised in relation to the costs of investments in subsidiaries as the recoverable amounts are lower than the carrying amounts of the CGUs.

With regard to the assessment of value-in-use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amounts of the CGUs to materially exceed their recoverable amounts.

12. INVESTMENT IN AN ASSOCIATE

	Group	
	2023	**2022**
	RM	**RM**
Quoted equity shares, at cost	4,000,749	4,000,749
Share of post-acquisition result, net of tax	(144,704)	183,826
Reclassification to other investments (Note 13)	(3,856,045)	-
	-	4,184,575

(a) The details of the associate, incorporated in Malaysia except otherwise stated, are as follows:

Name of company	**Effective interest in equity 2023 %**	**Effective interest in equity 2022 %**	**Principal activities**
Associate of CRI Sdn. Bhd.			
Carzo Holdings Berhad ("CHB") (1) & (2)	16.65	18	Wholesale of fruits, provision of management services and activities of investment holdings companies

12. INVESTMENT IN AN ASSOCIATE (continued)

(a) The details of the associate, incorporated in Malaysia except otherwise stated, are as follows: (continued)

(1) Audited by firm of auditors other than BDO PLT
(2) Equity accounted based on management accounts for the financial period ended 30 November 2022

(b) In the previous financial year, the management assessed the level of influence that the Group has on its associate, CHB and determined that it has significant influence even though the shareholding is below 20% because of the board representations in CHB.

(c) On 18 October 2022, CHB completed its 1st tranche of private placement of 7,142,700 ordinary shares to identified investors, this further dilute CRI's equity in CHB from 18% to 16.65%.

(d) On 30 November 2022, the Managing Director of the Group resigned from the board of CHB resulted in the cessation of the Group's significant influence over the associate.

(e) The above associate was accounted for using the equity method in the consolidated financial statements for the period from 1 July 2022 to 30 November 2022 (2022: 1 July 2021 to 30 June 2022).

The summarised financial information of the associate, CHB are as follows:

	Group	
	30.11.2022 RM	**30.6.2022 RM**
Assets		
Non-current assets	5,576,311	3,130,586
Current assets	20,997,742	26,983,665
Total assets	26,574,053	30,114,251
Liabilities		
Non-current liabilities	3,062,312	1,708,383
Current liabilities	16,299,377	19,908,258
Total liabilities	19,361,689	21,616,641

	Group	
	1.7.2022 to 30.11.2022 RM	**1.7.2021 to 30.6.2022 RM**
Results		
Revenue	51,763,699	79,154,787
Loss for the financial period/year	(5,285,158)	(1,492,534)

12. INVESTMENT IN AN ASSOCIATE (continued)

(f) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate are as follows:

	Group 2023 RM	Group 2022 RM
Share of net assets of the Group	1,201,039	1,568,770
Goodwill	2,799,710	2,615,805
Derecognition of investment	(4,000,749)	-
Carrying amount in the statement of financial position	-	4,184,575

	Group 2023 RM	Group 2022 RM
Share of results of the Group		
Share of loss of the Group	(908,743)	(268,656)

13. OTHER INVESTMENTS

	Group 2023 RM	Group 2022 RM
Financial asset at fair value through other comprehensive income		
Quoted shares in Malaysia	4,766,580	-
Financial asset at fair value through profit or loss		
Unquoted shares in Malaysia	4,482,646	4,482,646
Less: Impairment loss	(4,482,646)	(4,482,646)
	4,766,580	-

(a) The movement of quoted shares in Malaysia are as follows:

	Group 2023 RM	Group 2022 RM
Reclassification from investment in an associate (Note 12)	3,856,045	-
Fair value gain on other investments	910,535	-
	4,766,580	-

(b) Information on the fair value hierarchy is disclosed in Note 36(d) to the financial statements.

14. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 July 2022/2021	1,355,000	982,000	1,000	-
Recognised in profit or loss (Note 30)	(133,000)	373,000	(10,000)	1,000
Recognised in other comprehensive income (Note 30)	50,000	-	-	-
Balance as at 30 June 2023/2022	1,272,000	1,355,000	(9,000)	1,000

Presented after appropriate offsetting as follow:

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Deferred tax assets, net	1,281,000	1,405,000	-	1,000
Deferred tax liabilities, net	(9,000)	(50,000)	(9,000)	-
	1,272,000	1,355,000	(9,000)	1,000

(b) The components and movements of deferred tax liabilities and assets during the financial year are as follows:

<u>Deferred tax liabilities of the Group</u>

	Property, plant and equipment RM	Offsetting RM	Total RM
At 1 July 2022	(99,000)	49,000	(50,000)
Recognised in profit or loss	(9,000)	-	(9,000)
Recognised in other comprehensive income	50,000	-	50,000
At 30 June 2023	(58,000)	49,000	(9,000)
At 1 July 2021	(99,000)	49,000	(50,000)
Recognised in profit or loss	-	-	-
At 30 June 2022	(99,000)	49,000	(50,000)

14. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial year are as follows: (continued)

Deferred tax assets of the Group

	Property, plant and equipment RM	Other deductible temporary differences RM	Lease liabilities RM	Offsetting RM	Total RM
At 1 July 2022	(35,000)	885,000	604,000	(49,000)	1,405,000
Recognised in profit or loss	(118,000)	31,000	(37,000)	-	(124,000)
At 30 June 2023	(153,000)	916,000	567,000	(49,000)	1,281,000
At 1 July 2021	110,000	631,000	340,000	(49,000)	1,032,000
Recognised in profit or loss	(145,000)	254,000	264,000	-	373,000
At 30 June 2022	(35,000)	885,000	604,000	(49,000)	1,405,000

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Offsetting RM	Total RM
At 1 July 2022	-	-	-
Recognised in profit or loss	(9,000)	-	(9,000)
At 30 June 2023	(9,000)	-	(9,000)

Deferred tax assets of the Company

	Other deductible temporary differences RM	Offsetting RM	Total RM
At 1 July 2022	1,000	-	1,000
Recognised in profit or loss	(1,000)	-	(1,000)
At 30 June 2023	-	-	-
At 1 July 2021	-	-	-
Recognised in profit or loss	1,000	-	1,000
At 30 June 2022	1,000	-	1,000

14. DEFERRED TAX (continued)

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group 2023 RM	Group 2022 RM
Unabsorbed capital allowances	89,000	373,584
Other deductible temporary differences	5,845,788	5,910,533
	5,934,788	6,284,117

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

15. INVENTORIES

	Group 2023 RM	Group 2022 RM
Raw materials	84,056	89,457
Finished goods	14,436,037	11,030,916
	14,520,093	11,120,373

During the financial year, inventories of the Group recognised as cost of sales amounted to RM43,469,464 (2022: RM38,743,397).

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Third parties	4,171,438	12,817,170	-	-
Less: Impairment losses - third parties	(215,879)	(6,015,573)	-	-
	3,955,559	6,801,597	-	-

16. TRADE AND OTHER RECEIVABLES (continued)

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Other receivables and deposits				
Other receivables	106,958	1,302,994	-	7,734
Deposits	3,750,203	3,965,710	82,168	82,168
	3,857,161	5,268,704	82,168	89,902
Less: Impairment losses				
- other receivables	(52)	(1,239,167)	-	(7,734)
- deposits	(29,850)	(29,974)	-	-
	(29,902)	(1,269,141)	-	(7,734)
	3,827,259	3,999,563	-	82,168
Total trade and other receivables	7,782,818	10,801,160	82,168	82,168
Prepayments	1,017,499	8,817,311	9,438	9,049
	8,800,317	19,618,471	91,606	91,217

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2022: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Information on financial risks of trade and other receivables is disclosed in Note 37 to the financial statements.

(c) The currency exposure profile of receivables (excluding prepayments) are as follows:

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Ringgit Malaysia	7,720,051	10,731,829	82,168	82,168
Singapore Dollar	11,207	21,239	-	-
United States Dollar	30,334	30,334	-	-
Vietnamese Dong	-	1,171	-	-
Hong Kong Dollar	4,830	7,835	-	-
Others	16,396	8,752	-	-
	7,782,818	10,801,160	82,168	82,168

16. TRADE AND OTHER RECEIVABLES (continued)

(d) The ageing analysis of trade receivables of the Group are as follows:

Group 2023	**Gross carrying amount RM**	**Total allowance RM**	**Balance as at 30.6.2023 RM**
Current	1,764,795	(2,775)	1,762,020
Past due:			
1 to 30 days	1,583,426	(1,637)	1,581,789
31 to 60 days	401,446	(2,284)	399,162
61 to 90 days	165,334	(3,119)	162,215
91 to 120 days	15,650	(8,251)	7,399
More than 120 days	240,787	(197,813)	42,974
	2,406,643	(213,104)	2,193,539
	4,171,438	(215,879)	3,955,559

Group 2022	**Gross carrying amount RM**	**Total allowance RM**	**Balance as at 30.6.2022 RM**
Current	2,616,577	(6,103)	2,610,474
Past due:			
1 to 30 days	3,709,022	(9,585)	3,699,437
31 to 60 days	495,947	(5,131)	490,816
61 to 90 days	440	(125)	315
91 to 120 days	240	(123)	117
More than 120 days	5,994,944	(5,994,506)	438
	10,200,593	(6,009,470)	4,191,123
	12,817,170	(6,015,573)	6,801,597

(e) The reconciliation of movements in the impairment losses on trade receivables is as follows:

Group	**Lifetime ECL allowance RM**	**Credit impaired RM**	**Total allowance RM**
At 1 July 2022	23,255	5,992,318	6,015,573
Charge for the financial year	205,178	35,819	240,997
Reversal of impairment loss	(12,554)	-	(12,554)
Written off	-	(6,028,137)	(6,028,137)
At 30 June 2023	215,879	-	215,879

16. TRADE AND OTHER RECEIVABLES (continued)

(e) The reconciliation of movements in the impairment losses on trade receivables is as follows: (continued)

Group	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
At 1 July 2021	56,850	5,759,326	5,816,176
Charge for the financial year	-	113,908	113,908
Reversal of impairment loss	(33,595)	(47,752)	(81,347)
Exchange differences	-	166,836	166,836
At 30 June 2022	23,255	5,992,318	6,015,573

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

The Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than twelve (12) months as deemed credit impaired and assesses for their risk of loss individually.

The Group has identified the GDP, OPR, retail sales growth, unemployment rate and inflation rate as the key macroeconomic factors in determining the lifetime expected credit loss for trade receivables.

(f) As at the end of each reporting period, the credit risks exposures and concentration relating to trade receivables of the Group are summarised in the table below:

	Group	
	2023 RM	2022 RM
Maximum exposure	4,171,438	12,817,170
Impairment losses	(215,879)	(6,015,573)
Net exposure to credit risk	3,955,559	6,801,597

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(g) The reconciliation of movements in the impairment losses on other receivables are as follows:

Group	12-month ECL RM	Lifetime ECL - credit impaired RM	Total allowance RM
At 1 July 2022	29,974	1,239,167	1,269,141
Charge for the financial year	52	-	52
Reversal of impairment loss	(124)	-	(124)
Written off	-	(1,239,167)	(1,239,167)
At 30 June 2023	29,902	-	29,902

16. TRADE AND OTHER RECEIVABLES (continued)

(g) The reconciliation of movements in the impairment losses on other receivables are as follows: (continued)

Group	12-month ECL RM	Lifetime ECL - credit impaired RM	Total allowance RM
At 1 July 2021	29,974	1,098,537	1,128,511
Charge for the financial year	-	101,471	101,471
Exchange differences	-	39,159	39,159
At 30 June 2022	29,974	1,239,167	1,269,141

Company	Lifetime ECL - credit impaired RM	Total allowance RM
At 1 July 2022	7,734	7,734
Written off	(7,734)	(7,734)
At 30 June 2023	-	-
At 1 July 2021	1,703,534	1,703,534
Written off	(1,526,620)	(1,526,620)
Reversal of impairment loss	(169,180)	(169,180)
At 30 June 2022	7,734	7,734

The Group has identified the GDP, OPR, retail sales growth, unemployment rate and inflation rate as the key macroeconomic factors in determining the lifetime expected credit loss for other receivables.

17. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	37,129,265	34,920,844	10,074,871	10,546,748
Deposits with a licensed bank	23,735,000	12,400,000	-	10,700,000
	60,864,265	47,320,844	10,074,871	21,246,748

17. CASH AND BANK BALANCES (continued)

(a) The currency exposure profile of cash and bank balances are as follows:

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Ringgit Malaysia	60,343,442	46,809,327	9,794,165	20,980,165
Vietnamese Dong	18,504	48,702	88	88
United States Dollar	299,696	280,513	264,889	250,766
Chinese Renminbi	52,907	52,223	3,558	3,558
Indonesian Rupiah	5,660	9,148	99	99
Others	144,056	120,931	12,072	12,072
	60,864,265	47,320,844	10,074,871	21,246,748

(b) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Cash and bank balances	37,129,265	34,920,844	10,074,871	10,546,748
Deposits with a licensed bank (not more than three (3) months)	23,735,000	12,400,000	-	10,700,000
	60,864,265	47,320,844	10,074,871	21,246,748

(c) No expected credit losses were recognised arising from deposits with financial institutions because the probability of default by these financial institutions were negligible.

(d) Information on financial risks of cash and bank balances is disclosed in Note 37 to the financial statements.

18. SHORT TERM FUNDS

	Group 2023 RM	Group 2022 RM
Fair value through profit or loss		
Short term funds	2,936,086	5,814,580

(a) Short term funds are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy. The short term funds of the Group are denominated in RM.

(b) Information on financial risks of short term funds is disclosed in Note 37 to the financial statements.

19. SHARE CAPITAL

	Company			
	2023		2022	
	Number of shares	Amount RM	Number of shares	Amount RM
Ordinary shares:				
Issued and fully paid	805,651,400	68,000,000	805,651,400	68,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at general meeting of the Company as prescribed in the Constitution of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

20. RESERVES

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Non-distributable					
Exchange translation reserve	(a)	(249,548)	(250,053)	-	-
Revaluation reserve	(b)	-	805,700	-	-
Fair value reserve	(c)	910,535	-	-	-
		660,987	555,647	-	-
Distributable					
Retained earnings		31,518,755	21,764,394	27,451,090	19,363,165
		32,179,742	22,320,041	27,451,090	19,363,165

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Revaluation reserve

The revaluation reserve arises from the revaluation surplus of a property of a subsidiary upon transfer from property, plant and equipment to investment properties.

(c) Fair value reserve

The fair value reserve arises from the fair value gain on the quoted investment upon reclassification from investment in an associate to other investment.

21. BORROWINGS

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Secured					
Current liabilities					
Term loans	22	1,102,914	1,043,109	727,734	770,649
Non-current liabilities					
Term loans	22	18,597,744	10,568,254	7,875,030	8,986,983
Total borrowings	22	19,700,658	11,611,363	8,602,764	9,757,632

(a) All borrowings are denominated in RM.

(b) Information on financial risks of borrowings is disclosed in Note 37 to the financial statements.

(c) Reconciliation of liabilities from financing activities:

	Term loans (Note 22) RM
Group	
At 1 July 2022	11,611,363
Non-cash flows	19,791
Cash flows:	
- Net drawdown of borrowings	8,069,504
At 30 June 2023	19,700,658
Company	
At 1 July 2022	9,757,632
Non-cash flows	11
Cash flows:	
- Net repayments of borrowings	(1,154,879)
At 30 June 2023	8,602,764

21. BORROWINGS (continued)

(c) Reconciliation of liabilities from financing activities: (continued)

	Term loans (Note 22) RM
Group	
At 1 July 2021	13,036,190
Cash flows:	
- Net of repayments of borrowings	(1,424,827)
At 30 June 2022	11,611,363
Company	
At 1 July 2021	10,860,240
Cash flows:	
- Net of repayments of borrowings	(1,102,608)
At 30 June 2022	9,757,632

22. TERM LOANS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Secured				
Term loan I is repayable as follows: - 240 equal monthly instalments of RM91,894 each commencing December 2014	8,602,764	9,757,632	8,602,764	9,757,632
Term loan II is repayable as follows: - 180 monthly instalments of RM27,774 each commencing November 2013	-	1,853,731	-	-
Term loan III is repayable as follows: - 240 monthly instalments of RM72,890 each commencing March 2023	11,097,894	-	-	-
	19,700,658	11,611,363	8,602,764	9,757,632

22. TERM LOANS (continued)

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Repayable as follows:				
Current liabilities				
- not later than one (1) year	1,102,914	1,043,109	727,734	770,649
Non-current liabilities				
- later than one (1) year but not later than five (5) years	4,957,606	4,559,708	3,263,653	3,369,146
- later than five (5) years	13,640,138	6,008,546	4,611,377	5,617,837
	18,597,744	10,568,254	7,875,030	8,986,983
	19,700,658	11,611,363	8,602,764	9,757,632

(a) Term loan I is secured by means of legal charges over freehold land and building of the Group (Note 7) and investment properties of the Company (Note 10).

(b) Term loan II was secured by means of legal charges over an investment property of a subsidiary (Note 10) and is guaranteed by the Company.

(c) Term loan III is secured by means of legal charges over freehold land and building of the Group (Note 7) and is guaranteed by the Company.

23. PROVISION FOR RESTORATION COSTS

	Group 2023 RM	Group 2022 RM
Non-current		
Provision for restoration costs	1,134,716	1,203,712
Current		
Provision for restoration costs	342,150	287,382
	1,476,866	1,491,094

(a) Provision for restoration costs comprises estimates of reinstatement costs for leased outlets upon termination of tenancy.

23. PROVISION FOR RESTORATION COSTS (continued)

(b) A reconciliation of the provision for restoration costs is as follows:

	Note	Group 2023 RM	Group 2022 RM
At 1 July 2022/2021		1,491,094	849,881
Recognised in right-of-use assets	8(c)	4,311	544,275
Modifications		(125,590)	-
Recognised in profit or loss			
- unwinding of discount on provision for restoration costs	29	107,051	96,938
At 30 June 2023/2022		1,476,866	1,491,094

24. TRADE AND OTHER PAYABLES

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade payables				
Third parties	260,275	830,460	-	-
Other payables, deposits and accruals				
Other payables	1,468,043	1,708,063	22,589	7,414
Deposits	48,890	95,590	-	-
Accruals	7,209,758	7,783,456	81,275	301,080
	8,726,691	9,587,109	103,864	308,494
	8,986,966	10,417,569	103,864	308,494

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group were 30 to 60 days (2022: 30 to 90 days).

(b) The currency exposure profile of payables are as follows:

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Ringgit Malaysia	8,975,969	10,371,322	103,864	308,494
Vietnamese Dong	10,890	30,240	-	-
United States Dollar	-	-	-	-
Indonesian Rupiah	-	2,881	-	-
Others	107	13,126	-	-
	8,986,966	10,417,569	103,864	308,494

24. TRADE AND OTHER PAYABLES (continued)

(c) Information on financial risks of trade and other payables is disclosed in Note 37 to the financial statements.

25. CAPITAL COMMITMENTS

	Group	
	2023 RM	2022 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved and contracted for	653,290	-

26. CONTINGENT LIABILITIES

	Company	
	2023 RM	2022 RM
Unsecured corporate guarantees given to financial institutions and third parties for facilities granted to certain subsidiaries:		
- Limit of guarantee	24,550,000	16,655,000
- Amount utilised:		
In favour of a licensed bank for banking facility granted to a subsidiary	11,097,894	1,853,731
In favour of third parties for tenancy agreements entered into by a subsidiary	85,842	83,673
	11,183,736	1,937,404

The Directors are of the view that the probability of the subsidiaries defaulting on the banking facilities and tenancy agreements and the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to the subsidiaries are negligible.

27. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
Sale of goods	113,461,766	101,505,805	-	-
Others				
Rental income	72,000	280,800	1,213,800	1,112,650
Dividend income from unquoted investments in subsidiaries	-	-	22,200,006	14,750,004
	113,533,766	101,786,605	23,413,806	15,862,654

27. REVENUE (continued)

	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Timing of revenue Recognition				
Transferred at a point in time	113,461,766	101,505,805	-	-
Others	72,000	280,800	23,413,806	15,862,654
	113,533,766	101,786,605	23,413,806	15,862,654

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

	Retailing RM	Investment and management services RM	Total RM
30 June 2023			
Major products and service lines			
Sale of goods	113,461,766	72,000	113,533,766
Geographical markets			
Malaysia	113,461,766	72,000	113,533,766
Total revenue from contracts with customers	113,461,766	72,000	113,533,766
Timing of revenue recognition			
Transferred at a point in time	113,461,766	-	113,461,766
Others	-	72,000	72,000
	113,461,766	72,000	113,533,766
30 June 2022			
Major products and service lines			
Sale of goods	101,505,805	280,800	101,786,605
Geographical markets			
Malaysia	101,449,486	280,800	101,730,286
Vietnam	56,319	-	56,319
Total revenue from contracts with customers	101,505,805	280,800	101,786,605

27. REVENUE (continued)

Disaggregation of revenue from contracts with customers **(continued)**

	Retailing RM	Investment and management services RM	Total RM
30 June 2022			
Timing of revenue recognition			
Transferred at a point in time	101,505,805	-	101,505,805
Others	-	280,800	280,800
	101,505,805	280,800	101,786,605

There is no significant financing component in the revenue arising from sales of goods as the sales are made on normal credit terms not exceeding twelve (12) months.

28. COST OF SALES

	Group	
	2023 RM	2022 RM
Inventories sold	43,469,464	38,743,397

29. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
After charging:					
Auditors' remuneration:					
- Statutory					
- Auditors of the Company		112,000	73,500	28,300	19,100
- Other auditors		-	1,851	-	-
- Other audit-related services					
- Auditors of the Company		104,000	60,000	18,200	42,000
Impairment losses on:					
- investments in subsidiaries	11	-	-	82,913	-
- goodwill	9	-	19,750	-	-
Interest expense on:					
- lease liabilities	8	622,626	619,919	-	-
- term loans		19,791	-	11	-
- unwinding of discount for provision for restoration costs	23	107,051	96,938	-	-

29. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at: (continued)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
After charging: (continued)					
Property, plant and equipment written off		3,053	500	-	-
Other receivables written off		1,175	2,476	-	-
Realised loss on foreign exchange		10,852	10,648	-	-
Rental commission		2,130,193	1,855,386	-	-
Rental of premises paid/ payable to third parties		6,000	6,500	-	-
Unrealised loss on foreign exchange		352	176	-	-
Reversal of impairment losses on:					
- trade receivables	16	(12,554)	(81,347)	-	-
- other receivables	16	(124)	-	-	-
- amounts owing by subsidiaries	16	-	-	-	(169,180)
Impairment losses on:					
- trade receivables	16	240,997	113,908	-	-
- other receivables	16	52	101,471	-	-
Net loss/(gain) on impairment of financial assets		228,371	134,032	-	(169,180)
And crediting:					
Fair value gain on short term fund		112,823	50,866	-	-
Gain on disposal of property, plant and equipment		4,011	3,147	-	-
Gain on disposal of investment properties		1,855,700	-	-	-
Gain on dilution of equity interest in an associate		580,213	-	-	-
Gain on reassessments and modifications of leases	8	-	917,528	-	-
Interest income from:					
- deposits with a licensed bank		203,625	62,781	36,763	22,577
- short term funds		11,425	54,476	-	-
- others		502,011	372,887	49,522	2,665
Lease concessions	8	39,343	984,443	-	-
Realised gain on foreign exchange		44,213	16,434	39	15,174

29. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at: (continued)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
And crediting: (continued)					
Rental of premises received/ receivable from:					
- third party		72,000	280,800	-	-
- subsidiaries		-	-	1,213,800	1,112,650
Reversal of impairment losses on right-of-use assets	8	-	8,753	-	-
Unrealised gain on foreign exchange		17,027	119,644	14,523	4,365

30. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year	7,803,526	7,242,800	213,000	204,000
Over-provision in prior years	(339,292)	(67,058)	(33,593)	(23,212)
	7,464,234	7,175,742	179,407	180,788
Deferred tax (Note 14)				
Relating to origination and reversal of temporary differences	68,000	(22,000)	3,000	(1,000)
Under/(Over)-provision in prior years	65,000	(351,000)	7,000	-
	133,000	(373,000)	10,000	(1,000)
	7,597,234	6,802,742	189,407	179,788

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

30. TAX EXPENSE (continued)

(c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	31,450,494	29,033,349	22,376,231	15,200,631
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	7,548,119	6,968,004	5,370,295	3,648,151
Tax effects in respect of:				
Non-allowable expenses	942,269	670,929	191,344	100,268
Non-taxable income	(535,505)	(23,907)	(5,345,639)	(3,545,419)
Different tax rates in foreign jurisdiction	482	(107)	-	-
Utilisation of previously unrecognised tax losses	(83,839)	(582,401)	-	-
Deferred tax assets not recognised	-	188,282	-	-
	7,871,526	7,220,800	216,000	203,000
Over-provision of income tax in prior years	(339,292)	(67,058)	(33,593)	(23,212)
Under/(Over)-provision of deferred tax in prior years	65,000	(351,000)	7,000	-
	7,597,234	6,802,742	189,407	179,788

(d) Tax on each component of other comprehensive income is as follows:

	<------------------ Group ----------------->		
	Before tax RM	Tax effect RM	After tax RM
2023			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	505	-	505
Items that will not be reclassified subsequently to profit or loss			
Fair value adjustment on other investments	910,535	-	910,535
Realisation of revaluation reserve on disposal of investment properties	(855,700)	50,000	(805,700)
	55,340	50,000	105,340

30. TAX EXPENSE (continued)

(d) Tax on each component of other comprehensive income is as follows: (continued)

	Group		
	Before tax RM	Tax effect RM	After tax RM
2022			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	6,039	-	6,039

31. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
Profit attributable to equity holders of the parent (RM)	23,853,260	22,230,607
Weighted average number of ordinary shares applicable to basic earnings per ordinary share	805,651,400	805,651,400
Basic earnings per ordinary share for profit for the financial year (sen)	2.96	2.76

(b) Diluted

Diluted earnings per ordinary share equals basic earnings per ordinary share as there is no dilutive potential ordinary shares outstanding during the financial year.

32. DIVIDENDS

	Company			
	2023		2022	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
In respect of the financial year ended 30 June 2022:				
Single tier interim dividend, paid on 20 September 2021	-	-	0.25	2,014,128
Single tier interim dividend, paid on 17 March 2022	-	-	0.25	2,014,129

32. DIVIDENDS (continued)

	Company			
	2023		2022	
	Dividend per share Sen	Amount of dividend RM	Dividend per share Sen	Amount of dividend RM
In respect of the financial year ended 30 June 2022: (continued)				
Special single tier interim dividend, paid on 9 August 2022	0.75	6,042,385	-	-
In respect of the financial year ended 30 June 2023:				
Single tier interim dividend, paid on 23 September 2022	0.50	4,028,257	-	-
Single tier interim dividend, paid on 21 March 2023	0.50	4,028,257	-	-
	1.75	14,098,899	0.50	4,028,257

The Directors do not recommend any final dividend in respect of financial year ended 30 June 2023.

The Directors also declared and paid the following dividends, of which will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2024:

	Company RM
In respect of the financial year ending 30 June 2024:	
Single tier interim dividend of 0.50 sen per ordinary share, paid on 15 September 2023	4,028,257

33. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Wages, salaries and bonuses	10,351,751	10,836,137	66,000	66,000
Contributions to defined contribution plan	1,617,594	1,584,559	780	780
Social security contributions	193,373	151,541	-	-
Other benefits	3,524,857	2,511,907	23,100	23,100
	15,687,575	15,084,144	89,880	89,880

Included in the employee benefits of the Group and of the Company are Directors' remuneration amounting to RM1,871,079 (2022: RM2,087,130) and RM89,880 (2022: RM89,880) respectively.

34. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

(i) Its former holding company, subsidiaries, fellow subsidiaries, and associates;

(ii) Any entities with joint control of, or significant influence over the Company; and

(iii) Key management personnel of the Company or its former holding company.

Related parties other than those disclosed elsewhere in the financial statements and their relationship with the Group are as follows:

Related parties	**Relationship**
Bonia International Holdings Pte. Ltd.	A company in which a substantial shareholder of the Company, has substantial financial interests.
Luxury Parade Sdn. Bhd.	A company in which a substantial shareholder of the Company, has substantial financial interests.

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		**Company**	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Received/receivable from subsidiaries				
Dividends	-	-	22,200,006	14,750,004
Rental income	-	-	1,213,800	1,112,650
Administrative fees	-	-	11,082	11,880
Paid/payable to a subsidiary				
Administrative fees	-	-	13	14
Paid/payable to other related parties				
Royalties				
- Bonia International Holdings Pte. Ltd.	207,356	62,385	-	-
Security fees				
- Luxury Parade Sdn. Bhd.	-	20,496	-	20,496

34. RELATED PARTIES DISCLOSURES (continued)

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year (continued):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Paid/payable to the contractual landlord, of which the ultimate ownership of the premises belongs to a company* where a substantial shareholder has interest				
Rental	622,818	578,584	-	-

* *Purnama Sejahtera Sdn. Bhd.*

Save for the dividends received from the subsidiaries, the related parties transactions described above were carried out in the normal course of business and have been established under negotiated and mutually agreed terms.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' fees	90,000	90,000	66,000	66,000
Short term employee benefits	1,831,253	2,049,430	23,100	23,100
Contributions to defined contribution plan	220,406	246,619	780	780
	2,141,659	2,386,049	89,880	89,880

35. OPERATING SEGMENTS

Carlo Rino Group Berhad (formerly known as CRG Incorporated Berhad) and its subsidiaries are principally engaged in designing, marketing, retailing, wholesaling of women footwear, handbags and accessories for the local and overseas markets and investment holding as well as property development and property investment.

35. OPERATING SEGMENTS (continued)

The Group has arrived at two (2) reportable operating segments that are organised and managed separately according to the nature of products and services and specific expertise, which requires different business and marketing strategies. The reportable segments are summarised as follows:

Retailing	Designing, promoting, marketing, distributing and retailing of women's footwear, handbags and accessories.
Investment and management services	Investment holding and provision of management services.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax.

Inter-segment revenue is priced along the similar lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors (e.g. funding requirement).

Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

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35. OPERATING SEGMENTS (continued)

2023	Retailing RM	Investment and management services RM	Total RM
Revenue			
Total revenue	155,888,700	33,180,806	189,069,506
Inter-segment revenue	(42,426,934)	(33,108,806)	(75,535,740)
Revenue from external customers	113,461,766	72,000	113,533,766
Interest income	490,604	226,457	717,061
Interest expense	(650,981)	(98,487)	(749,468)
Net interest (expense)/income	(160,377)	127,970	(32,407)
Segment profit before tax	29,794,793	2,564,444	32,359,237
Share of loss of an associate, net of tax	-	(908,743)	(908,743)
Profit before tax	29,794,793	1,655,701	31,450,494
Tax expense	(7,250,917)	(346,317)	(7,597,234)
Material items:			
- realised (loss)/gain on foreign exchange, net	(8,310)	41,671	33,361
- rental commission	(2,130,193)	-	(2,130,193)
- rental of premises	-	(6,000)	(6,000)

35. OPERATING SEGMENTS (continued)

2023	Retailing RM	Investment and management services RM	Total RM
Other material non-cash items:			
- depreciation of property, plant and equipment	(1,328,768)	(879,283)	(2,208,051)
- depreciation of right-of-use assets	(5,535,371)	(778,331)	(6,313,702)
- fair value gain on short term funds	112,823	-	112,823
- gain on dilution of equity interest in an associate	-	580,213	580,213
- gain on disposal of property, plant and equipment	4,011	-	4,011
- gain on disposal of investment properties	-	1,855,700	1,855,700
- impairment losses on trade receivables	(205,178)	(35,819)	(240,997)
- impairment losses on other receivables	-	(52)	(52)
- property, plant and equipment written off	(2,805)	(248)	(3,053)
- other receivables written off	(1,175)	-	(1,175)
- reversal of impairment losses on trade receivables	12,554	-	12,554
- reversal of impairment losses on other receivables	-	124	124
- unrealised gain on foreign exchange, net	1,146	15,529	16,675
Additions to non-current assets other than financial instruments, deferred tax assets and investment in an associate	1,446,362	17,533,257	18,979,619
Segment assets	73,020,138	74,577,289	147,597,427
Segment liabilities	22,713,521	24,832,683	47,546,204

35. OPERATING SEGMENTS (continued)

2022	Retailing RM	Investment and management services RM	Total RM
Revenue			
Total revenue	137,968,099	24,520,954	162,489,053
Inter-segment revenue	(36,462,294)	(24,240,154)	(60,702,448)
Revenue from external customers	101,505,805	280,800	101,786,605
Interest income	429,986	60,158	490,144
Interest expense	(629,709)	(87,148)	(716,857)
Net interest expense	(199,723)	(26,990)	(226,713)
Segment profit/(loss) before tax	30,301,327	(999,322)	29,302,005
Share of loss of an associate, net of tax	-	(268,656)	(268,656)
Profit/(Loss) before tax	30,301,327	(1,267,978)	29,033,349
Tax expense	(6,555,093)	(247,649)	(6,802,742)
Material items:			
- realised (loss)/gain on foreign exchange, net	(9,215)	15,001	5,786
- rental commission	(1,855,386)	-	(1,855,386)
- rental of premises	-	(6,500)	(6,500)

35. OPERATING SEGMENTS (continued)

2022	Retailing RM	Investment and management services RM	Total RM
Other material non-cash items:			
- depreciation of property, plant and equipment	(1,166,888)	(829,705)	(1,996,593)
- depreciation of right-of-use assets	(5,570,673)	(683,043)	(6,253,716)
- fair value gain on short term funds	50,866	-	50,866
- gain on reassessments and modification of leases	917,528	-	917,528
- gain on disposal of property, plant and equipment	-	3,147	3,147
- impairment losses on trade receivables	-	(113,908)	(113,908)
- impairment losses on other receivables	(101,471)	-	(101,471)
- impairment of goodwill	-	(19,750)	(19,750)
- property, plant and equipment written off	(500)	-	(500)
- other receivables written off	-	(2,476)	(2,476)
- reversal of impairment losses on trade receivables	81,347	-	81,347
- reversal of impairment losses on right-of-use assets	8,753	-	8,753
- unrealised gain on foreign exchange, net	138	119,330	119,468
Additions to non-current assets other than financial instruments, deferred tax assets and investment in an associate	5,990,871	745,150	6,736,021
Segment assets	76,330,280	58,044,877	134,375,157
Segment liabilities	25,492,368	17,781,831	43,274,199

35. OPERATING SEGMENTS (continued)

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities to the corresponding amounts of the Group are as follows:

	Group 2023 RM	Group 2022 RM
Revenue		
Total revenue for reportable segments	189,069,506	162,489,053
Elimination of inter-segment revenues	(75,535,740)	(60,702,448)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	113,533,766	101,786,605
Profit for the financial year		
Profit before tax	31,450,494	29,033,349
Tax expense	(7,597,234)	(6,802,742)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	23,853,260	22,230,607
Assets		
Total assets for reportable segments	147,597,427	134,375,157
Tax assets	1,435,989	1,732,041
Total assets of the Group per consolidated statement of financial position	149,033,416	136,107,198
Liabilities		
Total liabilities for reportable segments	47,546,204	43,274,199
Tax liabilities	1,307,470	2,512,958
Total liabilities of the Group per consolidated statement of financial position	48,853,674	45,787,157

35. OPERATING SEGMENTS (continued)

Geographical information

The Group operates in Malaysia and Vietnam.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location of entities.

The composition of each geographical segment is as follows:

(i)	Malaysia	:	Designing, promoting, marketing, distributing and retailing of women's footwear, handbags and accessories, investment holdings of securities and provision of management services as well as property development and property investment.
(ii)	Vietnam	:	Management consultancy activities and to implement the right to import, distribution, wholesales of goods.

Segment assets are based on the geographical location of the assets of the Group. The non-current assets do not include financial instruments, other investments, deferred tax assets and investment in an associate.

	2023 RM	2022 RM
Revenue from external customers		
Malaysia	113,533,766	101,730,286
Vietnam	-	56,319
	113,533,766	101,786,605
Non-current assets		
Malaysia	55,710,086	46,316,314

Major customers

There were no major customers who contributed more than ten percent (10%) of the total revenue of the Group. As such, information on major customers is not presented.

36. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2023 and 30 June 2022.

36. FINANCIAL INSTRUMENTS (continued)

(a) Capital management (continued)

The Group monitors capital using gearing ratios, i.e. gearing ratio and net gearing ratio. Gearing ratio represents borrowings and lease liabilities owing to a financial institution divided by total capital whereas net gearing ratio represents borrowings and lease liabilities owing to a financial institution less cash and bank balances and short term funds divided by total capital. Capital represents equity attributable to the owners of the parent company.

	Group		Company	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Borrowings	19,700,658	11,611,363	8,602,764	9,757,632
Lease liabilities owing to a financial institution	86,970	170,468	-	-
Less: Cash and bank balances	(60,864,265)	(47,320,844)	(10,074,871)	(21,246,748)
Less: Short term funds	(2,936,086)	(5,814,580)	-	-
	(44,012,723)	(41,353,593)	(1,472,107)	(11,489,116)
Total capital	100,179,742	90,320,041	95,451,090	87,363,165
Gearing (times) (1)	0.20	0.13	0.09	0.11
Net gearing ratio (2)	N/A	N/A	N/A	N/A

(1) without taking cash and bank balances and short term funds into consideration
(2) taking cash and bank balances and short term funds into consideration

The Group is not subject to any other externally imposed capital requirements.

(b) Financial instruments

Group **2023**	**Fair value through profit or loss RM**	**Amortised cost RM**	**Total RM**
Financial assets			
Trade and other receivables, net of prepayments	-	7,782,818	7,782,818
Cash and bank balances	-	60,864,265	60,864,265
Short term funds	2,936,086	-	2,936,086
	2,936,086	68,647,083	71,583,169
Financial liabilities			
Borrowings		19,700,658	19,700,658
Trade and other payables		8,986,966	8,986,966
		28,687,624	28,687,624

36. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

Company **2023**	**Amortised cost RM**	**Total RM**
Financial assets		
Trade and other receivables, net of prepayments	82,168	82,168
Cash and bank balances	10,074,871	10,074,871
	10,157,039	10,157,039
Financial liabilities		
Borrowings	8,602,764	8,602,764
Trade and other payables	103,864	103,864
	8,706,628	8,706,628

Group **2022**	**Fair value through profit or loss RM**	**Amortised cost RM**	**Total RM**
Financial assets			
Trade and other receivables, net of prepayments	-	10,801,160	10,801,160
Cash and bank balances	-	47,320,844	47,320,844
Short term funds	5,814,580	-	5,814,580
	5,814,580	58,122,004	63,936,584
Financial liabilities			
Borrowings		11,611,363	11,611,363
Trade and other payables		10,417,569	10,417,569
		22,028,932	22,028,932

Company **2022**	**Amortised cost RM**	**Total RM**
Financial assets		
Trade and other receivables, net of prepayments	82,168	82,168
Cash and bank balances	21,246,748	21,246,748
	21,328,916	21,328,916
Financial liabilities		
Borrowings	9,757,632	9,757,632
Trade and other payables	308,494	308,494
	10,066,126	10,066,126

36. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

ii. Unquoted shares

The fair values of these unquoted investments are estimated by using net asset valuation technique based on the individual investees' latest available financial statements obtained. Management believes that the estimated fair values resulting from this valuation technique are reasonable and the most appropriate at the end of the reporting period.

iii. Quoted shares

The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market price at the close of the business on the reporting date.

iv. Financial guarantees

The Company provides corporate guarantees to financial institutions and certain third parties for banking facilities utilised and tenancy agreements entered into by certain subsidiaries. The fair values of such corporate guarantees are negligible as the probability of the subsidiaries defaulting on the banking facilities and tenancy agreements are remote.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The unquoted shares are estimated using adjusted net asset valuation technique based on the investee's latest available financial statements.

36. FINANCIAL INSTRUMENTS (continued)

(d) Fair value hierarchy (continued)

The following table set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair values of financial instruments carried at fair value				Fair values of financial instruments not carried at fair value					
Group	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Level 1 RM**	**Level 2 RM**	**Level 3 RM**	**Total RM**	**Total fair value RM**	**Carrying amount RM**
2023										
Financial asset										
Fair value through profit or loss										
- Short term funds	2,936,086	-	-	2,936,086	-	-	-	-	2,936,086	2,936,086
2022										
Financial asset										
Fair value through profit or loss										
- Short term funds	5,814,580	-	-	5,814,580	-	-	-	-	5,814,580	5,814,580

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to safeguard the shareholders' investment and the Group's assets whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group's financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables while the Company's primary exposure is through the amounts owing by subsidiaries. The trading terms of the Group with its customers are mainly on credit, except for boutique sales, where the transactions are done on cash term. The credit period is generally for a period of 30 to 60 days (2022: 30 to 180 days). Each customer has a maximum credit limit and the Group seek to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Exposure to credit risk

As at the end of each reporting period, no collateral has been obtained by the Group. The maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of each reporting period, the Group has no significant concentration of balance other than RM2,318,901 (2022: RM4,495,955) owing from two (2) (2022: two (2)) major customers.

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year RM	**One to five years RM**	**Over five years RM**	**Total RM**
As at 30 June 2023				
Group				
Financial liabilities				
Trade and other payables	8,986,966	-	-	8,986,966
Borrowings	1,994,472	7,977,888	17,408,288	27,380,648
Lease liabilities	5,974,642	11,742,789	938,461	18,655,892
Total undiscounted financial liabilities	16,956,080	19,720,677	18,346,749	55,023,506
Company				
Financial liabilities				
Other payables	103,864	-	-	103,864
Borrowings	1,102,728	4,410,912	5,122,979	10,636,619
Financial guarantee*	24,550,000	-	-	24,550,000
Total undiscounted financial liabilities	25,756,592	4,410,912	5,122,979	35,290,483
As at 30 June 2022				
Group				
Financial liabilities				
Trade and other payables	10,417,569	-	-	10,417,569
Borrowings	1,436,016	5,744,064	6,602,003	13,782,083
Lease liabilities	6,258,227	13,142,557	1,848,765	21,249,549
Total undiscounted financial liabilities	18,111,812	18,886,621	8,450,768	45,449,201
Company				
Financial liabilities				
Other payables	308,494	-	-	308,494
Borrowings	1,102,728	4,410,912	6,202,419	11,716,059
Financial guarantee*	16,655,000	-	-	16,655,000
Total undiscounted financial liabilities	18,066,222	4,410,912	6,202,419	28,679,553

* This disclosure represents the maximum liquidity risk exposure.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from deposits with a licensed bank, lease liabilities and interest-bearing borrowings. The Group does not use derivative financial instruments to hedge this risk.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit after tax				
- increased by 0.5% (2022: 0.5%)	(39,563)	(49,974)	(32,691)	3,581
- decreased by 0.5% (2022: 0.5%)	39,563	49,974	32,691	(3,581)

The sensitivity of the Group is lower in 2023 than in 2022 because increase in deposits with a licensed bank is higher than increase in borrowings during the financial year.

The sensitivity of the Company is higher in 2023 than in 2022 because of the decrease in deposits with a licensed bank during the financial year.

The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group									
At 30 June 2023									
Fixed rates									
Deposits with a licensed bank	17	2.49	23,735,000	-	-	-	-	-	23,735,000
Lease liabilities	8	3.27 - 4.72*	(5,452,283)	(4,134,825)	(3,422,993)	(2,138,579)	(1,326,069)	(906,965)	(17,381,714)
Floating rates									
Short term funds	18	2.27	2,936,086	-	-	-	-	-	2,936,086
Term loans	22	4.52 - 4.72	(1,102,914)	(1,156,127)	(1,209,687)	(1,266,475)	(1,325,316)	(13,640,139)	(19,700,658)

* Incremental borrowing rate

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: (continued)

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group									
At 30 June 2022									
Fixed rates									
Deposits with a licensed bank	17	1.57	12,400,000	-	-	-	-	-	12,400,000
Lease liabilities	8	3.27 - 4.22*	(5,705,368)	(4,534,441)	(3,298,167)	(2,775,007)	(1,663,220)	(1,777,970)	(19,754,173)
Floating rates									
Short term funds	18	1.90	5,814,580	-	-	-	-	-	5,814,580
Term loans	22	3.52	(1,043,109)	(1,080,350)	(1,119,201)	(1,159,307)	(1,200,850)	(6,008,546)	(11,611,363)

* Incremental borrowing rate

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Interest rate risk (continued)

The following table set out the carrying amounts, the weighted average effective interest rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk: (continued)

	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Company									
At 30 June 2023									
Floating rate									
Term loan	22	4.52	(727,734)	(761,410)	(796,646)	(833,512)	(872,085)	(4,611,377)	(8,602,764)
At 30 June 2022									
Fixed rate									
Deposits with a licensed bank	17	1.56	10,700,000	-	-	-	-	-	10,700,000
Floating rate									
Term loan	22	3.52	(770,649)	(798,294)	(826,931)	(856,596)	(887,325)	(5,617,837)	(9,757,632)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency exchange risk as a result of certain transactions of the Group which are denominated in foreign currencies. The Group monitors the movement in foreign currency exchange rates closely to ensure that their exposures are minimised.

The Group and the Company also hold cash and bank balances denominated in foreign currencies for working capital purposes. At the end of each reporting period, such foreign currency balances amounted to RM520,823 (2022: RM511,517) and RM280,706 (2022: RM266,583) respectively (see Note 17(a) to the financial statements) for the Group and the Company.

The Group did not enter into any material forward foreign exchange contract in the current financial year.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group and the Company to a reasonably possible change in the United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Vietnamese Dong ("VND"), Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Japanese Yen ("JPN") and Renminbi ("RMB") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

		Group		**Company**	
		2023	**2022**	**2023**	**2022**
Profit after tax		**RM**	**RM**	**RM**	**RM**
USD/RM	- strengthen by 3% (2022: 3%)	7,525	7,070	6,039	5,717
	- weaken by 3% (2022: 3%)	(7,525)	(7,070)	(6,039)	(5,717)
IDR/RM	- strengthen by 3% (2022: 3%)	129	143	2	2
	- weaken by 3% (2022: 3%)	(129)	(143)	(2)	(2)
VND/RM	- strengthen by 3% (2022: 3%)	174	448	2	2
	- weaken by 3% (2022: 3%)	(174)	(448)	(2)	(2)
SGD/RM	- strengthen by 3% (2022: 3%)	314	444	-	-
	- weaken by 3% (2022: 3%)	(314)	(444)	-	-

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Foreign currency exchange risk (continued)

Sensitivity analysis for foreign currency risk (continued)

The following table demonstrates the sensitivity of the Group and the Company to a reasonably possible change in the United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Vietnamese Dong ("VND"), Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Japanese Yen ("JPN") and Renminbi ("RMB") exchange rates against the respective functional currencies of the Group entities, with all other variables held constant (continued):

		Group		**Company**	
Profit after tax		**2023 RM**	**2022 RM**	**2023 RM**	**2022 RM**
HKD/RM	- strengthen by 3% (2022: 3%)	389	416	107	107
	- weaken by 3% (2022: 3%)	(389)	(416)	(107)	(107)
JPN/RM	- strengthen by 3% (2022: 3%)	1,052	1,052	-	-
	- weaken by 3% (2022: 3%)	(1,052)	(1,052)	-	-
RMB/RM	- strengthen by 3% (2022: 3%)	1,206	1,191	81	81
	- weaken by 3% (2022: 3%)	(1,206)	(1,191)	(81)	(81)

The exposure to the other currencies are not significant, hence the effects of changes in exchange rates are not presented.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF REPORTING PERIOD

(a) On 29 August 2022, the Company adopted a dividend policy to distribute not less than 30% of the Company's net profit attributed to shareholders available in each financial year in the form of dividends to the shareholders of the Company annually, commenced from the financial year ended 30 June 2023.

(b) On 18 October 2022, Carzo Holdings Berhad ("CHB") completed its 1st tranche of private placement of 7,142,700 ordinary shares to identified investors, further diluted CRI Sdn. Bhd.'s equity interest in CHB from 18% to 16.65%. Further on 22 August 2023, CHB announced that the deadline for CHB to implement the private placement has lapsed.

(c) On 14 November 2022, CRI Sdn. Bhd., has entered into a Sale and Purchase Agreement with LM Textile Sdn. Bhd. to dispose of a unit of 3 storey Semi-Detached Factory at a sale consideration of RM5,800,000. The disposal was completed during the financial year under review.

(d) On 23 November 2022, the Company subscribed for 100 ordinary shares in the share capital of Imbi Strada Sdn. Bhd. ("ISSB"), representing 100% equity interest in ISSB for a cash consideration of RM100.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF REPORTING PERIOD (continued)

(e) On 30 November 2022, the Managing Director of the Group, Dato’ Sri Chiang Fong Yee resigned from the board of CHB, which resulted in the cessation of the Group’s significant influence over the associate. Subsequently, the investment was accounted as other investment.

(f) On 9 December 2022, the Company increased its investment of RM9,999,900 in the share capital of ISSB by way of cash subscription.

(g) On 21 December 2022, ISSB entered into a Sale and Purchase Agreement with Industrial Property Management Sdn. Bhd. to acquire a piece of freehold land together with a rundown 2 ½ storey detached bungalow erected thereon at a purchase consideration of RM16,500,000. The acquisition was completed during the financial year under review.

(h) On 23 December 2022, the Company’s name was changed from “CRG Incorporated Berhad” to “Carlo Rino Group Berhad”.

(i) On 9 March 2023, the Company further increased its investment of RM8,000,000 in the share capital of ISSB by way of cash subscription.

(j) On 14 August 2023, the Company announced that:
- proposed transfer of the listing and quotation of the entire enlarged issued share capital of the Company from the LEAP Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“LEAP Market”) to the ACE Market of Bursa Securities (“Proposed Transfer”);
- proposed withdrawal of the Company’s listing from the official list of the LEAP Market pursuant to Rule 8.06 of the LEAP Market Listing Requirements of Bursa Securities (“Proposed Withdrawal of Listing”); and
- it has, on the same day received a letter from Dato’ Sri Chiang Fong Yee, Chiang Sang Sem and Freeway Team Sdn. Bhd. (collectively, “Joint Offerors”) to undertake a pre-conditional voluntary general offer to acquire all the remaining ordinary shares of the Company not already held by the Joint Offerors and the persons acting in concert with them, to facilitate the Proposed Withdrawal of Listing.

(k) On 14 August 2023, the relevant Vietnamese regulatory authority confirmed that the voluntary dissolution of CRR had been completed.