13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

Tel : +603 2616 2888
Fax : +603 2616 3190 / 3191
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

The Board of Directors
Carlo Rino Group Berhad
L2-05, 2nd Floor, Ikon Connaught,
Lot 160, Jalan Cerdas,
Taman Connaught, Cheras,
56000 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

Date: 26 March 2024

Our ref: BDO/LKH/TKY

Dear Sirs/Madam,

Carlo Rino Group Berhad ("CRG" or the "Company")
Report on the Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 June 2023 ("This Report")

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of CRG and its subsidiaries ("Group") as at 30 June 2023 ("Pro Forma Consolidated Statements of Financial Position"). The Pro Forma Consolidated Statements of Financial Position together with the accompanying notes thereon, for which we have stamped for purpose of identification, have been compiled by the Board of Directors of the Company ("Board of Directors") for inclusion in the prospectus of the Company (the "Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of CRG on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (the "Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors, to illustrate the impact of the events or transactions as set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position on the Group's financial position as at 30 June 2023 as if the events have occurred or the transactions have been undertaken on 30 June 2023. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the audited financial statements of the Group for the financial year ended 30 June 2023, which have been audited.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Our Independence and Quality Management

We are independent of the Group 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.

Our Independence and Quality Management (continued)

The Firm applies Malaysian Approved International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and accordingly, the Firm is required to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

The purpose of Pro Forma Consolidated Statements of Financial Position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

Reporting Accountants' Responsibility (continued)

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

Other Matter

This Report has been prepared solely for the purpose stated above, in connection with the Listing. As such, this Report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this Report contrary to the aforesaid purpose.

Yours faithfully,

BDO PLT	**Law Kian Huat**
201906000013 (LLP0018825-LCA) & AF 0206	02855/06/2024 J
Chartered Accountants	Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023 *(CONT'D)*

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Group as at 30 June 2023 based on the assumptions that the transactions set out in Note 1.3 and Note 1.4 had been effected on that date, and should be read in conjunction with the notes thereon.

	Note	As at 30 June 2023	Adjustment for subsequent event	Pro Forma I After adjustment for subsequent event	Adjustments for Public Issue	Pro Forma II After Pro Forma I and Public Issue	Adjustments for Utilisation of Proceeds	Pro Forma III After Pro Forma I, Pro Forma II and Utilisation of Proceeds
		RM	RM	RM	RM	RM	RM	RM
ASSETS								
Non-current assets								
Property, plant and equipment		40,368,534	-	40,368,534	-	40,368,534	-	40,368,534
Right-of-use assets		15,341,552	-	15,341,552	-	15,341,552	-	15,341,552
Other investments		4,766,580	-	4,766,580	-	4,766,580	-	4,766,580
Deferred tax assets		1,281,000	-	1,281,000	-	1,281,000	-	1,281,000
		61,757,666	-	61,757,666	-	61,757,666	-	61,757,666
Current assets								
Inventories		14,520,093	-	14,520,093	-	14,520,093	-	14,520,093
Trade and other receivables		8,800,317	-	8,800,317	-	8,800,317	-	8,800,317
Current tax assets		154,989	-	154,989	-	154,989	-	154,989
Cash and bank balances	3	60,864,265	(8,056,514)	52,807,751	[•]	[•]	[•]	[•]
Short term funds		2,936,086	-	2,936,086	-	2,936,086	-	2,936,086
		87,275,750	(8,056,514)	79,219,236	[•]	[•]	[•]	[•]
TOTAL ASSETS		149,033,416	(8,056,514)	140,976,902	[•]	[•]	[•]	[•]
EQUITY AND LIABILITIES								
Equity attributable to owners of the parent								
Share capital	4	68,000,000	-	68,000,000	[•]	[•]	[•]	[•]
Reserves	4	32,179,742	(8,056,514)	24,123,228	-	24,123,228	[•]	[•]
TOTAL EQUITY		100,179,742	(8,056,514)	92,123,228	[•]	[•]	[•]	[•]

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

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

The Pro Forma Consolidated Statements of Financial Position have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Group as at 30 June 2023 based on the assumptions that the transactions set out in Note 1.3 and Note 1.4 had been effected on that date, and should be read in conjunction with the notes thereon. (continued)

	Note	As at 30 June 2023 RM	Adjustment for subsequent event RM	Pro Forma I After adjustment for subsequent event RM	Adjustments for Public Issue RM	Pro Forma II After Pro Forma I and Public Issue RM	Adjustments for Utilisation of Proceeds RM	Pro Forma III After Pro Forma I, Pro Forma II and Utilisation of Proceeds RM
LIABILITIES								
Non-current liabilities								
Borrowings		18,597,744	-	18,597,744	-	18,597,744	-	18,597,744
Lease liabilities		11,929,431	-	11,929,431	-	11,929,431	-	11,929,431
Deferred tax liabilities		9,000	-	9,000	-	9,000	-	9,000
Provision for restoration costs		1,134,716	-	1,134,716	-	1,134,716	-	1,134,716
		31,670,891	-	31,670,891	-	31,670,891	-	31,670,891
Current liabilities								
Trade and other payables		8,986,966	-	8,986,966	-	8,986,966	-	8,986,966
Borrowings		1,102,914	-	1,102,914	-	1,102,914	-	1,102,914
Lease liabilities		5,452,283	-	5,452,283	-	5,452,283	-	5,452,283
Provision for restoration costs		342,150	-	342,150	-	342,150	-	342,150
Current tax liabilities		1,298,470	-	1,298,470	-	1,298,470	-	1,298,470
		17,182,783	-	17,182,783	-	17,182,783	-	17,182,783
TOTAL LIABILITIES		48,853,674	-	48,853,674	-	48,853,674	-	48,853,674
TOTAL EQUITY AND LIABILITIES		149,033,416	(8,056,514)	140,976,902	[•]	[•]	[•]	[•]
Net assets (RM)		100,179,742		92,123,228		[•]		[•]
Number of ordinary shares in issue		805,651,400		805,651,400		977,517,100		977,517,100
Net assets attributable to equity holders per ordinary share (RM)		0.12		0.11		[•]		[•]

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Introduction

The Pro Forma Consolidated Statements of Financial Position of Carlo Rino Group Berhad ("CRG" or the "Company") and its subsidiaries (the "Group") as at 30 June 2023 ("Pro Forma Consolidated Statements of Financial Position") together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of CRG on the ACE Marrket of Bursa Malaysia Securities Berhad ("Listing").

1.2 Basis of preparation

The Pro Forma Consolidated Statements of Financial Position have been prepared on the basis consistent with the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and with the requirements of the Prospectus Guidelines.

The audited financial statements of the Group for the financial year ended 30 June 2023 were not subject to any audit qualification.

The Pro Forma Consolidated Statements of Financial Position together with the related notes thereon, have been prepared solely to illustrate the impact of the events and transactions set out in Note 1.3 and Note 1.4 had the events occurred or the transactions been undertaken on 30 June 2023. The Pro Forma Consolidated Statements of Financial Position are not necessarily indicative of the financial position of the Group that would have been attained had the effects of the events or transactions as set out in Note 1.3 and Note 1.4 actually occurred at the respective dates. Accordingly, such information, because of its nature, may not be reflective of the actual financial position of the Group and does not purport to predict the future financial position of the Group.

1.3 Subsequent event

The Company had distributed and paid the following dividends to its existing shareholders:

	RM
Single tier interim dividend of 0.50 sen per ordinary share, paid on 15 September 2023	4,028,257
Single tier interim dividend of 0.50 sen per ordinary share, paid on 20 March 2024	4,028,257
	8,056,514

The distribution and payment of the abovementioned dividend are illustrated in the Pro Forma Consolidated Statements of Financial Position to show the effects of this transaction had this transactions been effected on 30 June 2023.

1.4 Listing Scheme

The following proposals were undertaken in conjunction with, and as an integral part of the Listing:

1.4.1 Public Issue

(a) Public Issue

The Public Issue of 171,865,700 new Shares, representing 17.58% of the enlarged issued share capital of CRG at an issue price of RM[●] per Share to be allocated and allotted in the following manner:

(i) 48,876,000 new Shares made available for application by Malaysian public;

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.4 Listing Scheme (continued)

The following proposals were undertaken in conjunction with, and as an integral part of the Listing: (continued)

1.4.1 Public Issue (continued)

(a) Public Issue (continued)

The Public Issue of 171,865,700 new Shares, representing 17.58% of the enlarged issued share capital of CRG at an issue price of RM[●] per Share to be allocated and allotted in the following manner (continued):

(ii) 800,000 new Shares made available for application by the independent directors of CRG; and

(iii) 122,189,700 new Shares made available by way of private placement to selected Bumiputera investors approved by the Ministry of Investment, Trade and Industry.

1.4.2 Listing

Upon completion of the Public Issue, CRG would seek the listing of and quotation for its entire enlarged issued share capital of RM[●] comprising 977,517,100 Shares on the ACE Market of Bursa Malaysia Securities Berhad.

1.4.3 Utilisation of Proceeds from Public Issue

The gross proceeds from the Public Issue of RM[●] are expected to be utilised in the following manner:

Details of utilisation	**Estimated timeframe for utilisation upon Listing**	**RM**	**Percentage of gross proceeds %**
Capital expenditure:			
- Construction and the fitting out of a new flagship boutique and other facilities (e.g., information technology and security systems) (1)	36 months	[•]	[•]
- Refurbishment of boutiques and counters at departmental stores (1)	36 months	[•]	[•]
- Maintenance of information technology infrastructure (1)	24 months	[•]	[•]
Total capital expenditure		[•]	[•]
Working capital requirements of the Group			
- Purchase of inventories (2)	24 months	[•]	[•]
- Advertisement and promotion expenses (2)	24 months	[•]	[•]
- Rental of boutiques (2)	24 months	[•]	[•]
		[•]	[•]
Defrayment of estimated expenses for the Corporate Exercise and Initial Public Offering ("IPO") (3)	3 months	[•]	[•]
		[•]	[•]

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

1. INTRODUCTION, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.4 Listing Scheme (continued)

The following proposals were undertaken in conjunction with, and as an integral part of the Listing: (continued)

1.4.3 Utilisation of Proceeds from Public Issue (continued)

Notes:

(1) As at the latest practicable date of the prospectus, the Group has yet to enter into any contractual binding agreement or issue any purchase order in relation to the construction and the fitting out of a new flagship boutique and other facilities, refurbishment of boutiques and counters at department stores and maintenance of information technology infrastructure. Accordingly, the utilisation of proceeds earmarked for the construction and the fitting out of a new flagship boutique and other facilities, refurbishment of boutiques and counters at department stores and maintenance of information technology infrastructure are not reflected in the Pro Forma Consolidated Statements of Financial Position.

(2) As at the latest practicable date of the prospectus, the Group has yet to enter any definite agreements with any parties or issue any purchase orders. Accordingly, the utilisation of proceeds earmarked for working capital purposes is not reflected in the Pro Forma Consolidated Statements of Financial Position.

(3) The defrayment of estimated expenses for the Corporate Exercise and IPO totalling [•] comprise underwriting fees, placement fees, brokerage fees, regulatory fees, professional fees and miscellaneous expenses. The estimated listing expenses of [•] directly attributable to the Public Issue will be debited against the share capital of the Company and the remaining estimated listing expenses of [•] will be expensed off to the profit or loss. As at 30 June 2023, the Group has paid RM467,750 of listing expenses of which RM467,750 has been recognised in the profit or loss.

2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023

2.1 PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

2.1.1 PRO FORMA I

Pro forma I incorporates the effect of subsequent event as disclosed in Note 1.3.

2.1.2 PRO FORMA II

Pro forma II incorporates the effects of Pro Forma I and the effects of the Public Issue and Listing as disclosed in Note 1.4.1 and Note 1.4.2.

2.1.3 PRO FORMA III

Pro forma III incorporates the effects of Pro Forma I, Pro Forma II and the utilisation of proceeds from the Public Issue as disclosed in Note 1.4.3.

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3. CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:

	RM
As at 30 June 2023	**60,864,265**
Adjustment for distribution of dividends	(8,056,514)
Pro Forma I	**52,807,751**
Adjustments for the Public Issue	[●]
Pro Forma II	[●]
Adjustments for utilisation of proceeds from Public Issue - Defrayment of estimated expenses for the Corporate Exercise and IPO	[●]
Pro Forma III	[●]

4. SHARE CAPITAL AND RESERVES

The movements in the share capital and reserves are as follows:

	Share capital RM	Reserves RM	Total RM
As at 30 June 2023	**68,000,000**	**32,179,742**	**100,179,742**
Adjustment for distribution of dividends	-	(8,056,514)	(8,056,514)
Pro forma I	**68,000,000**	**24,123,228**	**92,123,228**
Adjustments for the Public Issue	[●]	-	[●]
Pro forma II	[●]	**24,123,228**	[●]
Adjustments for utilisation of proceeds from Public Issue			
- Estimated listing expenses attributable to Public Issue	[●]	-	[●]
- Estimated other listing expenses charged to the profit or loss account	-	[●]	[●]
Pro forma III	[●]	[●]	[●]

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

APPROVAL BY THE BOARD OF DIRECTORS

The Pro Forma Consolidated Statements of Financial Position have been approved and adopted by the Board of Directors of Carlo Rino Group Berhad in accordance with a resolution dated 26 March 2024.

Signed on behalf of the Board of Directors,

………………………………………	………………………………………
DATO' SRI CHIANG FONG YEE	**ONG BOON HUAT**
Group Managing Director	Executive Director

26 March 2024

BDO

Tel : +603 2616 2888
Fax : +603 2616 3190 / 3191
www.bdo.my

Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Malaysia

The Board of Directors
Carlo Rino Group Berhad
L2-05, 2nd Floor, Ikon Connaught,
Lot 160, Jalan Cerdas,
Taman Connaught, Cheras,
56000 Kuala Lumpur,
Wilayah Persekutuan, Malaysia.

Date: 26 March 2024

Our ref: BDO/LKH/TKY

Dear Sir/Madam,

REPORTING ACCOUNTANTS' OPINION ON THE CONSOLIDATED FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF CARLO RINO GROUP BERHAD ("CRG" OR THE "COMPANY")

Opinion

We have audited the accompanying Consolidated Financial Statements of Carlo Rino Group Berhad and its subsidiaries as defined in Note 1 to the Consolidated Financial Statements (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at 30 June 2021, 30 June 2022 and 30 June 2023, and consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies as set out in this report (collectively referred to herein as "the Consolidated Financial Statements").

The Consolidated Financial Statements have been prepared for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of CRG on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing"). This report is given for the purpose of complying with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, 30 June 2022 and 30 June 2023 and of their consolidated financial performance and consolidated cash flows for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

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 *Reporting Accountants' Responsibilities for the Audit of the Consolidated 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.

REPORTING ACCOUNTANTS' OPINION ON THE CONSOLIDATED FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF CARLO RINO GROUP BERHAD ("CRG" OR THE "COMPANY") (continued)

Independence and Other Ethical Responsibilities

We are independent of the Group 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.

Directors' Responsibility for the Consolidated Financial Statements

The Directors of the Group ("Directors") are responsible for the preparation of the Consolidated Financial Statements so as to give a true and fair view in accordance with MFRS and IFRS. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Directors are responsible for assessing the Group's ability 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 to cease operations, or have no realistic alternative but to do so.

Reporting Accountants' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 Consolidated Financial Statements.

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:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, 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.

- 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 internal control of the Group.

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

Reporting Accountants' Responsibility for the Audit of the Consolidated 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: (continued)

- 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 to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Reporting Accountants' report to the related disclosures in the Consolidated Financial Statements 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 Reporting Accountants' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represents the underlying transactions and events in a manner that achieve fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. 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.

Other Matters

This report has been prepared solely to comply with Appendix 3B, Part A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. 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

CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE

	Note	2021 RM	2022 RM	2023 RM
ASSETS				
Non-current assets				
Property, plant and equipment	7	22,470,233	23,479,479	40,368,534
Right-of-use assets	8	14,146,296	18,036,835	15,341,552
Goodwill	9	19,750	-	-
Investment properties	10	4,800,000	4,800,000	-
Investment in an associate	11	4,453,231	4,184,575	-
Other investments	12	-	-	4,766,580
Deferred tax assets	13	1,032,000	1,405,000	1,281,000
		46,921,510	51,905,889	61,757,666
Current assets				
Inventories	14	9,588,885	11,120,373	14,520,093
Trade and other receivables	15	10,760,871	19,618,471	8,800,317
Current tax assets		195,302	327,041	154,989
Cash and bank balances	16	39,601,186	47,320,844	60,864,265
Short term funds	17	5,710,521	5,814,580	2,936,086
		65,856,765	84,201,309	87,275,750
TOTAL ASSETS		112,778,275	136,107,198	149,033,416
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	18	68,000,000	68,000,000	68,000,000
Reserves	19	4,111,652	22,320,041	32,179,742
TOTAL EQUITY		72,111,652	90,320,041	100,179,742
LIABILITIES				
Non-current liabilities				
Borrowings	20	12,012,134	10,568,254	18,597,744
Lease liabilities	8	11,610,077	14,048,805	11,929,431
Deferred tax liabilities	13	50,000	50,000	9,000
Provision for restoration costs	22	590,518	1,203,712	1,134,716
		24,262,729	25,870,771	31,670,891
Current liabilities				
Trade and other payables	23	9,082,754	10,417,569	8,986,966
Borrowings	20	1,024,056	1,043,109	1,102,914
Lease liabilities	8	5,245,961	5,705,368	5,452,283
Provision for restoration costs	22	259,363	287,382	342,150
Current tax liabilities		791,760	2,462,958	1,298,470
		16,403,894	19,916,386	17,182,783
TOTAL LIABILITIES		40,666,623	45,787,157	48,853,674
TOTAL EQUITY AND LIABILITIES		112,778,275	136,107,198	149,033,416

CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE

	Note	2021 RM	2022 RM	2023 RM
Revenue	26	76,460,264	101,786,605	113,533,766
Cost of sales	27	(32,068,255)	(38,743,397)	(43,469,464)
Gross profit		44,392,009	63,043,208	70,064,302
Other operating income		3,324,533	3,431,128	3,392,590
Net gain/(loss) on impairment of financial assets	28	145,560	(134,032)	(228,371)
Selling and distribution expenses		(20,910,262)	(20,798,338)	(24,611,922)
General and administrative expenses		(18,432,814)	(15,523,104)	(15,507,894)
Finance costs		(596,431)	(716,857)	(749,468)
Share of profit/(loss) of an associate, net of tax	11	150,550	(268,656)	(908,743)
Profit before tax	28	8,073,145	29,033,349	31,450,494
Tax expense	29	(4,088,691)	(6,802,742)	(7,597,234)
Profit for the financial year		3,984,454	22,230,607	23,853,260
Other comprehensive (loss)/income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translations	29	(14,144)	6,039	505
Items that will not be reclassified subsequently to profit or loss				
Fair value adjustment on other investments	29	-	-	910,535
Realisation of revaluation reserve on disposal of investment properties	29	-	-	(805,700)
Total comprehensive (loss)/income, net of tax		(14,144)	6,039	105,340
Total comprehensive income		3,970,310	22,236,646	23,958,600
Profit attributable to owners of parent		3,984,454	22,230,607	23,853,260
Total comprehensive income attributable to owners of the parent		3,970,310	22,236,646	23,958,600
Earnings per ordinary share attributable to equity holders of the Company (sen)				
Basic and Diluted	30	0.49	2.76	2.96

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		<---Non-distributable			--->	Distributable	
	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 2020		68,000,000	(241,948)	805,700	-	3,605,847	72,169,599
Profit for the financial year		-	-	-	-	3,984,454	3,984,454
Foreign currency translation, net of tax		-	(14,144)	-	-	-	(14,144)
Total comprehensive (loss)/income		-	(14,144)	-	-	3,984,454	3,970,310
Transaction with owners							
Dividend paid	31	-	-	-	-	(4,028,257)	(4,028,257)
Total transaction with owners		-	-	-	-	(4,028,257)	(4,028,257)
Balance as at 30 June 2021/1 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	31	-	-	-	-	(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 (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	<---Non-distributable			--->	Distributable	
		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	31	-	-	-	-	(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

CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE

	Note	2021 RM	2022 RM	2023 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		8,073,145	29,033,349	31,450,494
Adjustments for:				
Depreciation of property, plant and equipment	7	2,251,677	1,996,593	2,208,051
Depreciation of right-of-use assets	8	6,552,617	6,253,716	6,313,702
Fair value loss/(gain) on short term funds	28	458	(50,866)	(112,823)
Gain on dilution of equity interest in an associate	28	(301,932)	-	(580,213)
Gain on reassessments and modifications of leases	28	(593,514)	(917,528)	-
Impairment losses on:				
- trade and other receivables	28	6,124	215,379	241,049
- other investments	28	4,482,646	-	-
- property, plant and equipment	28	523,939	-	-
- right-of-use assets	28	1,504,662	-	-
- goodwill	28	-	19,750	-
Reversal of impairment losses on:				
- trade and other receivables	28	(151,684)	(81,347)	(12,678)
- right-of-use assets	28	-	(8,753)	-
Interest expenses		591,483	619,919	642,417
Interest income	28	(481,057)	(490,144)	(717,061)
Other receivable written off	28	-	2,476	1,175
Property, plant and equipment written off	28	3,484	500	3,053
Lease concessions	28	(975,308)	(984,443)	(39,343)
Gain on disposal of investment properties	28	-	-	(1,855,700)
Gain on disposal of property, plant and equipment, net	28	-	(3,147)	(4,011)
Share of (profit)/loss of an associate, net of tax	11(g)	(150,550)	268,656	908,743
Unrealised loss/(gain) on foreign exchange, net	28	63,118	(119,468)	(16,675)
Unwinding of discount on provision for restoration costs	28	4,948	96,938	107,051
Operating profit before changes in working capital		21,404,256	35,851,580	38,537,231
Changes in working capital:				
Inventories		33,260	(1,530,359)	(3,399,720)
Trade and other receivables		(1,322,371)	(8,877,555)	10,589,883
Trade and other payables		(468,098)	975,680	(2,209,031)
Cash generated from operations		19,647,047	26,419,346	43,518,363
Tax paid		(4,012,631)	(5,640,416)	(8,456,670)
Tax refunded		10,200	4,133	-
Net cash from operating activities		15,644,616	20,783,063	35,061,693

CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE (continued)

	Note	2021 RM	2022 RM	2023 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of interests in an associate		(4,000,749)	-	-
Acquisition of other investment		(4,482,646)	-	-
Interest received		481,057	490,144	717,061
(Placement)/Withdrawal of short term funds		(107,639)	(53,192)	2,991,317
Proceeds from disposal of investment properties		-	-	5,800,000
Proceeds from disposal of property, plant and equipment		-	3,500	4,750
Purchase of property, plant and equipment	7(a)	(848,036)	(2,649,005)	(18,323,052)
Net cash used in investing activities		(8,958,013)	(2,208,553)	(8,809,924)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(14,986)	(8,880)	(5,387)
Dividends paid	31	(4,028,257)	(4,028,257)	(14,098,899)
Payments of lease liabilities	8(d)	(5,761,592)	(5,402,160)	(6,690,053)
Repayments of term loans		(893,224)	(1,436,016)	(3,480,496)
Drawdowns of term loans		11,189	11,189	11,550,000
Net cash used in financing activities		(10,686,870)	(10,864,124)	(12,724,835)
Net change in cash and cash equivalents		(4,000,267)	7,710,386	13,526,934
Effects of exchange rate changes on cash and cash equivalents		(15,396)	9,272	16,487
Cash and cash equivalents at beginning of financial year		43,616,849	39,601,186	47,320,844
Cash and cash equivalents at end of financial year	16	39,601,186	47,320,844	60,864,265

CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

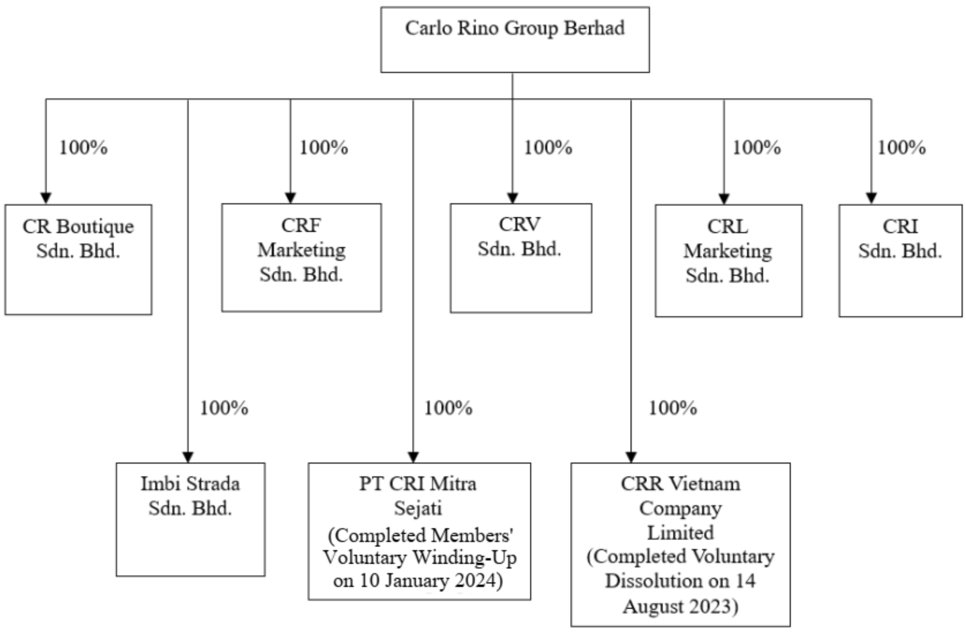
Carlo Rino Group Berhad ("CRG" or the "Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the LEAP Market of Bursa Malaysia Securities Berhad with effect from 28 November 2018.

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.

CRG's group structure as at 30 June 2023 is as follows: -



The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 36 to the Consolidated Financial Statements. There have been no significant changes in the nature of these activities during the financial years under review.

These Consolidated Financial Statements for the financial years ended ("FYE(s)") 30 June 2021, 30 June 2022 and 30 June 2023 are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The Accountants' Report comprises the Consolidated Financial Statements for the FYEs 30 June 2021, 30 June 2022 and 30 June 2023. The Consolidated Financial Statements consist of the audited financial statements of the Company and the subsidiaries and are prepared solely for inclusion in the Prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of CRG on the ACE Market of Bursa Malaysia Securities Berhad (the "Listing").

The Consolidated Financial Statements are prepared using the audited financial statements of the respective companies within the Group for the relevant financial years and their statutory auditors are as follows:

Company	Relevant Financial Years	Auditors
Carlo Rino Group Berhad	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CR Boutique Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CRF Marketing Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CRV Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CRL Marketing Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
CRI Sdn. Bhd.	FYE 30 June 2021	BDO PLT
	FYE 30 June 2022	BDO PLT
	FYE 30 June 2023	BDO PLT
PT CRI Mitra Sejati	FYE 30 June 2021*	-
	FYE 30 June 2022*	-
	FYE 30 June 2023*	-
CRR Vietnam Company Limited	FYE 30 June 2021	Global Auditing and Financial Consultancy Co., Ltd
	FYE 30 June 2022	Global Auditing and Financial Consultancy Co., Ltd
	FYE 30 June 2023*	
Imbi Strada Sdn. Bhd.	23 November 2022 (Date of Incorporation) to 30 June 2023	BDO PLT

* *Consolidated based on their management accounts. 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. On 10 January 2024, the progress of members' voluntary winding-up of PT CRI Mitra Sejati had been completed.*

2. BASIS OF PREPARATION (continued)

The audited financial statements of all the companies within the Group for the relevant financial years reported above were not subject to any qualification or modification.

The Consolidated Financial Statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The accounting policies adopted are consistent with those of the previous financial years except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial years are disclosed in Note 4.1 to the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies.

The preparation of Consolidated Financial Statements in conformity with MFRS and IFRS 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 5 to the Consolidated 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Common control business combinations

3.1.1 Basis of consolidation

The consolidated financial statements of the Group 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 of 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Common control business combinations (continued)

3.1.1 Basis of consolidation (continued)

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.

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 years 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Common control business combinations (continued)

3.1.2 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. The Group accounts for changes in fair value of contingent consideration that are not measurement period adjustments as follows:

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

(b) Other contingent consideration that:

   (i) is within the scope of MFRS 9 *Financial Instruments* 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 *Financial Instruments*.

   (ii) is not within the scope of MFRS 9 *Financial Instruments* 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Common control business combinations (continued)

3.1.2 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 3.6 to the Consolidated 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.

3.2 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 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 accumulated depreciation and accumulated impairment losses.

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%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Property, plant and equipment and depreciation (continued)

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 3.7 to the Consolidated 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.

3.3 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Leases (continued)

The Group as lessee (continued)

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 any 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 asset 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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 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.

3.6 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Goodwill (continued)

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.

3.7 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Impairment of non-financial assets (continued)

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.

3.8 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.

3.9 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Financial instruments (continued)

(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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 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 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 arrangement 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 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 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.

3.10 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.

3.11 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Equity (continued)

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.

3.12 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 as the key macroeconomic factors.

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) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Impairment of financial assets (continued)

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 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 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.

3.13 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 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 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 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.

3.16 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.

3.17 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Employee benefits (continued)

(a) Short term employee benefits (continued)

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 Group 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.

3.18 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 Group.

(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.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3.18 Foreign currencies (continued)

(c) Foreign operations (continued)

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.

3.19 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Revenue recognition (continued)

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

(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.

3.20 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 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.

(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.

3.22 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.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

4.1 New MFRSs adopted during the financial years

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

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 *Leases*)	1 April 2021
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.

Amendment to MFRS 16 *Covid-19-Related Rent Concessions*

MFRS 16 has been amended to:

(a) Provide lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification; and

(b) Require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(ii) Any reduction in the lease payments affects only payments originally due on or before 30 June 2021; and

(iii) There is no substantive change to other terms and conditions of the lease.

The Group has early adopted the Amendment to MFRS 16 with election to apply the practical expedient as mentioned above to all rent concession received that meet the conditions as stated above where effectively the Group recognised the concession separately in other income in profit or loss of the Group. The effects of early adoption are disclosed in Note 8 (d) to the Consolidated Financial Statements.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

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

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 (Amendments 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 is in the process of assessing the impact of implementing these standards, since the effects would only be observable for future financial years.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

5. 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 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, which are, among others, dependent on forecasted economic conditions (financial years ended 30 June 2022 and 30 June 2021: affected by the COVID-19 pandemic).

(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, (2022 and 2021: incorporating the impact of the COVID-19 pandemic).

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

6. OPERATING SEGMENTS

Carlo Rino Group 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.

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, provision of management services and property development.

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

6. OPERATING SEGMENTS (continued)

2021	Retailing RM	Investment and management services RM	Total RM
Revenue			
Total revenue	104,401,702	21,245,867	125,647,569
Inter-segment revenue	(28,220,438)	(20,966,867)	(49,187,305)
Revenue from external customers	76,181,264	279,000	76,460,264
Interest income	414,997	66,060	481,057
Interest expense	(513,887)	(82,544)	(596,431)
Net interest expense	(98,890)	(16,484)	(115,374)
Segment profit/(loss) before tax	12,082,938	(4,160,343)	7,922,595
Share of profit of an associate, net of tax	-	150,550	150,550
Profit/(Loss) before tax	12,082,938	(4,009,793)	8,073,145
Tax expense	(3,701,259)	(387,432)	(4,088,691)
Material items:			
- realised gain/(loss) on foreign exchange, net	5,094	(295)	4,799
- rental commission	(1,014,193)	-	(1,014,193)
- rental of premises	(2,550)	(5,500)	(8,050)
Other material non-cash items:			
- depreciation of property, plant and equipment	(1,437,836)	(813,841)	(2,251,677)
- depreciation of right-of-use assets	(5,896,093)	(656,524)	(6,552,617)
- fair value loss on short term funds	(458)	-	(458)
- gain on dilution of equity interest in an associate	-	301,932	301,932
- gain on reassessments and modification of leases	593,514	-	593,514
- impairment losses on property, plant and equipment	(523,939)	-	(523,939)
- impairment losses on right-of-use assets	(1,504,662)	-	(1,504,662)
- impairment losses on other investment	-	(4,482,646)	(4,482,646)
- impairment losses on trade receivables	(6,124)	-	(6,124)
- property, plant and equipment written off	(3,214)	(270)	(3,484)
- reversal of impairment losses on trade receivables	93,618	58,066	151,684
- unrealised loss on foreign exchange, net	(2,433)	(60,685)	(63,118)
Additions to non-current assets other than financial instruments, deferred tax assets and investment in an associate	4,675,032	56,291	4,731,323
Segment assets	61,821,156	49,729,817	111,550,973
Segment liabilities	21,138,420	18,686,443	39,824,863

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

6. 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)
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

6. 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)
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 investment properties	-	1,855,700	1,855,700
- gain on disposal of property, plant and equipment	4,011	-	4,011
- 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

6. OPERATING SEGMENTS (continued)

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

Revenue	2021 RM	2022 RM	2023 RM
Total revenue for reporting segments	125,647,569	162,489,053	189,069,506
Elimination of inter-segment revenues	(49,187,305)	(60,702,448)	(75,535,740)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	76,460,264	101,786,605	113,533,766
Profit for the financial year			
Profit before tax	8,073,145	29,033,349	31,450,494
Tax expense	(4,088,691)	(6,802,742)	(7,597,234)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	3,984,454	22,230,607	23,853,260

Assets	2021 RM	2022 RM	2023 RM
Total assets for reportable segments	111,550,973	134,375,157	147,597,427
Tax assets	1,227,302	1,732,041	1,435,989
Total assets of the Group per consolidated statement of financial position	112,778,275	136,107,198	149,033,416
Liabilities			
Total liabilities for reportable segments	39,824,863	43,274,199	47,546,204
Tax liabilities	841,760	2,512,958	1,307,470
Total liabilities of the Group per consolidated statement of financial position	40,666,623	45,787,157	48,853,674

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, 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.

6. OPERATING SEGMENTS (continued)

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.

	2021 RM	2022 RM	2023 RM
Revenue from external customers			
Malaysia	76,212,299	101,730,286	113,533,766
Vietnam	247,965	56,319	-
	76,460,264	101,786,605	113,533,766

	2021 RM	2022 RM	2023 RM
Non-current assets			
Malaysia	41,436,279	46,316,314	55,710,086

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.

7. PROPERTY, PLANT AND EQUIPMENT

30 June 2021 **At cost**	Balance as at 01.07.2020 RM	Additions RM	Written off RM	Balance as at 30.06.2021 RM
Freehold land and building	22,802,490	-	-	22,802,490
Electrical installation	562,423	-	-	562,423
Furniture, fittings and counter fixtures	18,848,686	755,370	(990,940)	18,613,116
Motor vehicles	3,623	149,937	-	153,560
Office equipment	3,858,502	97,294	(36,666)	3,919,130
Plant and machinery	158,259	-	-	158,259
Renovation	1,223,322	-	-	1,223,322
	47,457,305	1,002,601	(1,027,606)	47,432,300

7. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2021 Accumulated depreciation	Balance as at 01.07.2020 RM	Depreciation charge for the financial year RM	Written off RM	Balance as at 30.06.2021 RM
Freehold land and building	2,204,242	456,050	-	2,660,292
Electrical installation	333,248	59,200	-	392,448
Furniture, fittings and counter fixtures	15,911,319	1,240,374	(706,013)	16,445,680
Motor vehicles	302	13,219	-	13,521
Office equipment	3,076,090	303,846	(33,194)	3,346,742
Plant and machinery	158,256	-	-	158,256
Renovation	704,786	178,988	-	883,774
	22,388,243	2,251,677	(739,207)	23,900,713

30 June 2021 Accumulated impairment	Balance as at 01.07.2020 RM	Impairment loss for the financial year RM	Written off RM	Balance as at 30.06.2021 RM
Freehold land and building	-	-	-	-
Electrical installation	-	18,695	-	18,695
Furniture, fittings and counter fixtures	822,330	483,576	(284,915)	1,020,991
Motor vehicles	-	-	-	-
Office equipment	-	13,973	-	13,973
Plant and machinery	-	-	-	-
Renovation	-	7,695	-	7,695
	822,330	523,939	(284,915)	1,061,354

30 June 2022 At cost	Balance as at 01.07.2021 RM	Additions RM	Disposal RM	Written off RM	Balance as at 30.06.2022 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

7. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2022 Accumulated depreciation	Balance as at 01.07.2021 RM	Depreciation charge for the financial year RM	Disposal RM	Written off RM	Balance as at 30.06.2022 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

30 June 2022 Accumulated impairment	Balance as at 01.07.2021 RM	Written off RM	Balance as at 30.06.2022 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

30 June 2023 At cost	Balance as at 01.07.2022 RM	Additions RM	Disposal RM	Written off RM	Balance as at 30.06.2023 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

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

7. PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2023	Balance as at 01.07.2022 RM	Depreciation charge for the financial year RM	Disposal RM	Written off RM	Balance as at 30.06.2023 RM
Accumulated depreciation					
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

30 June 2023	Balance as at 01.07.2022 RM	Written off RM	Balance as at 30.06.2023 RM
Accumulated impairment			
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

Carrying amount	2021 RM	2022 RM	2023 RM
Freehold land and building	20,142,198	19,686,148	36,600,498
Electrical installation	151,280	113,012	91,530
Furniture, fittings and counter fixtures	1,146,445	2,453,658	2,768,748
Motor vehicles	140,039	109,328	78,617
Office equipment	558,415	932,521	745,411
Plant and machinery	3	3	3
Renovation	331,853	184,809	63,587
Property under construction	-	-	20,140
	22,470,233	23,479,479	40,368,534

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	2021 RM	2022 RM	2023 RM
Purchase of property, plant and equipment	1,002,601	3,006,692	19,100,898
Unsettled and remained as other payables	(154,565)	(357,687)	(777,846)
Cash payments on purchase of property, plant and equipment	848,036	2,649,005	18,323,052

(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 as disclosed in Note 21 to the Consolidated Financial Statements are as follows:

Carrying amount	2021 RM	2022 RM	2023 RM
Freehold land and building	18,906,945	18,478,863	35,421,181

(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; 2021: RM1,744,477).

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, which are, among others, dependent on forecasted economic conditions (2022 and 2021: affected by the COVID-19 pandemic).

Based on these assumptions, an impairment loss of RM Nil (2022: RM Nil; 2021: RM523,939) is recognised in relation to property, plant and equipment of certain subsidiaries as the recoverable amounts are lower than the carrying amounts of the CGUs (2022 and 2021: as a result of the COVID-19 pandemic).

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

30 June 2021	**Balance as at 01.07.2020 RM**	**Reassessments and modifications RM**	**Additions RM**	**Balance as at 30.06.2021 RM**
At cost				
Boutiques	25,789,711	4,275,885	3,713,979	33,779,575
Hostels	62,442	8,939	-	71,381
Motor vehicles	436,700	-	-	436,700
Office	3,206,566	160,508	14,743	3,381,817
	29,495,419	4,445,332	3,728,722	37,669,473

30 June 2021	**Balance as at 01.07.2020 RM**	**Depreciation charge for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2021 RM**
Accumulated depreciation				
Boutiques	15,426,381	5,869,320	(1,742,342)	19,553,359
Hostels	41,628	26,773	-	68,401
Motor vehicles	94,618	87,340	-	181,958
Office	1,019,836	569,184	-	1,589,020
	16,582,463	6,552,617	(1,742,342)	21,392,738

30 June 2021	**Balance as at 01.07.2020 RM**	**Impairment loss for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2021 RM**
Accumulated impairment				
Boutiques	1,043,633	1,504,662	(417,856)	2,130,439
Hostels	-	-		-
Motor vehicles	-	-		-
Office	-	-		-
	1,043,633	1,504,662	(417,856)	2,130,439

8. **LEASES (continued)**

The Group as lessee (continued)

Right-of-use assets (continued)

30 June 2022 **At cost**	**Balance as at 01.07.2021 RM**	**Reassessments and modifications RM**	**Additions RM**	**Balance as at 30.06.2022 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

30 June 2022 **Accumulated depreciation**	**Balance as at 01.07.2021 RM**	**Depreciation charge for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2022 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

30 June 2022 **Accumulated impairment**	**Balance as at 01.07.2021 RM**	**Reversal of impairment loss for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2022 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)

30 June 2023 **At cost**	**Balance as at 01.07.2022 RM**	**Reassessments and modifications RM**	**Additions RM**	**Balance as at 30.06.2023 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

30 June 2023 **Accumulated depreciation**	**Balance as at 01.07.2022 RM**	**Depreciation charge for the financial year RM**	**Reassessments and modifications RM**	**Balance as at 30.06.2023 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

30 June 2023 **Accumulated impairment**	**Balance as at 01.07.2022/ 30.06.2023 RM**
Boutiques	1,527,530
Motor vehicles	-
Office	-
	1,527,530

8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

Carrying amount	**2021 RM**	**2022 RM**	**2023 RM**
Boutiques	12,095,777	16,560,181	14,587,528
Hostels	2,980	-	-
Motor vehicles	254,742	167,403	80,063
Office	1,792,797	1,309,251	673,961
	14,146,296	18,036,835	15,341,552

(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; 2021: 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:

	2021 RM	**2022 RM**	**2023 RM**
Addition of right-of-use assets	3,728,722	3,729,329	4,311
Financed by lease liabilities	(3,664,395)	(3,185,054)	-
Provision for restoration costs capitalised (Note 22(b))	(64,327)	(544,275)	(4,311)
Cash payments on right-of-use assets	-	-	-

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8. LEASES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

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

	2021 RM	2022 RM	2023 RM
Included in general and administrative expenses:			
Expenses relating to leases of low-value assets	5,500	6,500	6,000
Expenses relating to short-term lease	2,550	-	-
Depreciation charge of right-of-use assets	683,297	700,841	778,331
Included in selling and distribution expenses:			
Depreciation charge of right-of-use assets	5,869,320	5,552,875	5,535,371
Variable lease payments:			
- based on the monthly gross sales	1,014,193	1,855,386	2,130,193
Included in finance costs:			
Interest expense on lease liabilities	588,869	619,919	622,626
Included in other operating income:			
Gain on reassessments and modifications of leases	(593,514)	(917,528)	-
Arising from COVID-19-related rent concessions	(975,308)	(984,443)	(39,343)
	6,594,907	6,833,550	9,033,178

(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; 2021: RM5,952,570).

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, which are, among others, dependent on forecasted economic conditions (2022 and 2021: affected by the COVID-19 pandemic).

Based on these assumptions, an impairment loss of RM Nil (2022: RM Nil; 2021: RM1,504,662) is recognised in relation to right-of-use assets for a subsidiary as the recoverable amount is lower than the carrying amount of the CGU (2022 and 2021: as a result of the COVID-19 pandemic).

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 01.07.2020 RM	Reassessments and modifications RM	Additions RM	Lease payments RM	Lease concessions RM	Interest expense RM	Balance as at 30.06.2021 RM
Boutiques	10,881,124	5,842,569	3,664,395	(5,069,713)	(975,308)	509,468	14,852,535
Hostels	15,792	8,939	-	(22,000)	-	265	2,996
Motor vehicles	326,984	-	-	(88,884)	-	12,372	250,472
Office	2,116,130	160,508	-	(593,367)	-	66,764	1,750,035
	13,340,030	6,012,016	3,664,395	(5,773,964)	(975,308)	588,869	16,856,038

Carrying amount	Balance as at 01.07.2021 RM	Reassessments and modifications RM	Additions RM	Lease payments RM	Lease concessions RM	Interest expense RM	Balance as at 30.06.2022 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)

Carrying amount	**Balance as at 01.07.2022 RM**	**Reassessments and modifications RM**	**Lease payments RM**	**Lease concessions RM**	**Interest expense RM**	**Balance as at 30.06.2023 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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

Represented by:	2021 RM	2022 RM	2023 RM
Non-current liabilities			
- Lease liabilities owing to a financial institution	170,468	86,970	-
- Lease liabilities owing to non-financial institutions	11,439,609	13,961,835	11,929,431
	11,610,077	14,048,805	11,929,431
Current liabilities			
- Lease liabilities owing to a financial institution	80,004	83,498	86,970
- Lease liabilities owing to non-financial institutions	5,165,957	5,621,870	5,365,313
	5,245,961	5,705,368	5,452,283
	16,856,038	19,754,173	17,381,714

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

	2021 RM	2022 RM	2023 RM
At 1 July	13,340,030	16,856,038	19,754,173
Additions of lease liabilities	3,664,395	3,185,054	-
Interest charged for the year	588,869	619,919	622,626
Lease payments	(5,773,964)	(5,411,040)	(6,695,440)
Lease concessions	(975,308)	(984,443)	(39,343)
Reassessments and modifications	6,012,016	5,488,645	3,739,698
At 30 June	16,856,038	19,754,173	17,381,714

(b) At the end of the financial year, the Group had total cash outflow for leases of RM6,695,440 (2022: RM5,411,040; 2021: RM5,773,964).

(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%; 2021: 1.5%).

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

8. LEASES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

(d) Reconciliation of liabilities arising from financing activities:

	2021 RM	2022 RM	2023 RM
At 1 July	13,340,030	16,856,038	19,754,173
Cash flows:			
- Net of repayments of borrowings	(5,773,964)	(5,411,040)	(6,695,440)
- Interest paid	12,372	8,880	5,387
	(5,761,592)	(5,402,160)	(6,690,053)
Non-cash flows:			
- Additions	3,664,395	3,185,054	-
- Reassessments and modifications	6,012,016	5,488,645	3,739,698
- Unwinding of interest	576,497	611,039	617,239
- Lease concessions	(975,308)	(984,443)	(39,343)
At 30 June	16,856,038	19,754,173	17,381,714

(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 exercise 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 35 to the Consolidated 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:

	2021 RM	2022 RM	2023 RM
Less than one (1) year	291,000	72,000	-
One (1) year to two (2) years	225,000	-	-
	516,000	72,000	-

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

9. GOODWILL

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

For the purpose of impairment testing, the recoverable amount of the Cash Generating Unit ("CGU") is determined based on a "value-in-use" calculation. The value-in-use of the CGU is determined by discounting the future cash flows to be generated from continuing use of the CGU. The value-in-use is derived based on management's cash flow projections for three (3) financial years from 2022 to 2024 for financial year ended 30 June 2021.

The key assumptions used in the value-in-use calculations are as follows:

(i) The anticipated annual revenue growth rates used in the cash flow projections of the CGU ranged from -10% to 10% for 30 June 2021.

(ii) Profit margins are projected based on the historical profit margin achieved for the products.

(iii) Pre-tax discount rate of 13.5% for 30 June 2021 was applied over the projection periods in determining the recoverable amount of the CGU. The discount rate used is pre-tax plus a reasonable risk premium and reflects the overall weighted average cost of capital of the Group.

Based on these assumptions, the Directors are of the view that no impairment loss was required as at 30 June 2021 as the recoverable amount determined was higher than the carrying amount of the CGU.

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

Based on the annual impairment assessment undertaken by the Group, an impairment loss of RM19,750 was made for the carrying amount of the goodwill as at 30 June 2022.

10. INVESTMENT PROPERTIES

At fair value	2021 RM	2022 RM	2023 RM
Leasehold land and building			
As at 1 July	4,800,000	4,800,000	4,800,000
Disposal during the year	-	-	(4,800,000)
As at 30 June	4,800,000	4,800,000	-

10. INVESTMENT PROPERTIES (continued)

(a) As at the end of reporting period, the investment properties pledged as securities for banking facilities granted to the Group as disclosed in Note 21 to the Consolidated Financial Statements are as follows:

	2021 RM	2022 RM	2023 RM
Leasehold land and building	4,800,000	4,800,000	-

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

	2021 RM	2022 RM	2023 RM
Rental income	279,000	280,800	72,000

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

	2021 RM	2022 RM	2023 RM
Income generating units			
Repairs and maintenance	5,486	1,940	664
Quit rent and assessment	12,948	12,948	12,948

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

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2021				
Leasehold land and building	-	-	4,800,000	4,800,000
2022				
Leasehold land and building	-	-	4,800,000	4,800,000
2023				
Leasehold land and building	-	-	-	-

(i) There were no transfers between Level 1 and Level 2 fair value measurements during the financial years ended 30 June 2023, 30 June 2022 and 30 June 2021.

(ii) The valuation of investment properties of the Group at Level 3 fair value amounting to RM Nil (2022: RM4,800,000; 2021: RM4,800,000) 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.

10. INVESTMENT PROPERTIES (continued)

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

(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 are mainly used to generate rental income.

11. INVESTMENT IN AN ASSOCIATE

	2021 RM	2022 RM	2023 RM
Quoted equity shares, at cost	4,000,749	4,000,749	4,000,749
Share of post-acquisition result, net of tax	452,482	183,826	(144,704)
Reclassification to other investments (Note 12)	-	-	(3,856,045)
	4,453,231	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 2021 %	2022 %	2023 %	Principal activities
Associate of CRI Sdn. Bhd.				
Carzo Holdings Berhad ("CHB") (1), (2) & (3)	18.00	18.00	16.65	Wholesale of fruits, provision of management services and activities of investment holdings companies

(1) Audited by firm of auditors other than BDO PLT

(2) Equity accounted based on management accounts for the financial period/year ended 30 November 2022, 30 June 2022 and 30 June 2021 as the financial year end of the associate is 31 December

(3) On 9 September 2021, CHB was listed on the LEAP Market of Bursa Malaysia Securities Berhad

(b) On 20 January 2021, CRI Sdn. Bhd. subscribed for 15,888,600 ordinary shares in the share capital of CHB, representing 20% equity interest in CHB for a cash consideration of RM4,000,749.

On 7 May 2021, CHB issued 8,827,000 ordinary shares to the pre-listing investors of CHB. Following the exercise, CRI's equity interest in CHB was diluted from 20% to 18%.

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

11. INVESTMENT IN AN ASSOCIATE (continued)

(c) In the financial years ended 30 June 2021 and 2022, 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.

(d) 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 interest in CHB from 18% to 16.65%.

(e) 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.

(f) 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; 2021: 1 July 2020 to 30 June 2021).

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

	30.06.2021 RM	30.06.2022 RM	30.11.2022 RM
Assets			
Non-current assets	2,485,631	3,130,586	5,576,311
Current assets	26,255,218	26,983,665	20,997,742
Total assets	28,740,849	30,114,251	26,574,053
Liabilities			
Non-current liabilities	2,430,319	1,708,383	3,062,312
Current liabilities	16,102,609	19,908,258	16,299,377
Total liabilities	18,532,928	21,616,641	19,361,689

Results	01.07.2020 to 30.06.2021 RM	01.07.2021 to 30.06.2022 RM	01.07.2022 to 30.11.2022 RM
Revenue	42,856,141	79,154,787	51,763,699
Profit/(Loss) for the financial year/period	958,024	(1,492,534)	(5,285,158)

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

	2021 RM	2022 RM	2023 RM
Share of net assets by the Group	1,837,426	1,568,770	1,201,039
Goodwill	2,615,805	2,615,805	2,799,710
Derecognition of investment	-	-	(4,000,749)
Carrying amount in the statements of financial position	4,453,231	4,184,575	-

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

11. INVESTMENT IN AN ASSOCIATE (continued)

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

	2021 RM	2022 RM	2023 RM
Share of results by the Group			
Share of profit/(loss) by the Group	150,550	(268,656)	(908,743)

12. OTHER INVESTMENTS

	2021 RM	2022 RM	2023 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	4,482,646
Less: Fair value adjustments	(4,482,646)	(4,482,646)	(4,482,646)
	-	-	-
	-	-	4,766,580

(a) On 10 September 2020, CRI subscribed for 6,800 ordinary shares in Shoppr Labs Sdn. Bhd. ("SLSB") and on 29 January 2021, CRI subscribed another 1,071 ordinary shares of SLSB for a total cash consideration of RM4,482,646, which representing 4.07% equity interest in SLSB.

(b) In the financial year ended 30 June 2021, the Company recognised a fair value loss on investment in SLSB amounting to RM4,482,646 due to its loss-making and capital deficiency position.

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

	2021 RM	2022 RM	2023 RM
Balance as at 1 July	-	-	-
Reclassification from investment in an associate (Note 11)	-	-	3,856,045
Fair value gain on other investments	-	-	910,535
Balance as at 30 June	-	-	4,766,580

(d) Information on the fair value hierarchy is disclosed in Note 34(d) to the Consolidated Financial Statements.

13. DEFERRED TAX

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

	2021 RM	2022 RM	2023 RM
As at 1 July	1,095,000	982,000	1,355,000
Recognised in profit or loss (Note 29)	(113,000)	373,000	(133,000)
Recognised in other comprehensive income (Note 29)	-	-	50,000
As at 30 June	982,000	1,355,000	1,272,000

Presented after appropriate offsetting as follow:

	2021 RM	2022 RM	2023 RM
Deferred tax assets, net	1,032,000	1,405,000	1,281,000
Deferred tax liabilities, net	(50,000)	(50,000)	(9,000)
	982,000	1,355,000	1,272,000

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Offsetting RM	Total RM
At 1 July 2020	(96,000)	27,000	(69,000)
Recognised in profit or loss	(3,000)	22,000	19,000
At 30 June 2021	(99,000)	49,000	(50,000)
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)
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)

13. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities and assets during the financial years 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 2020	181,000	598,000	412,000	(27,000)	1,164,000
Recognised in profit or loss	(71,000)	33,000	(72,000)	(22,000)	(132,000)
At 30 June 2021	110,000	631,000	340,000	(49,000)	1,032,000
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
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

13. 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:

	2021 RM	2022 RM	2023 RM
Unused tax losses:			
- Expires by 30 June 2027	805,547	-	-
- Expires by 30 June 2028	504,628	-	-
Unabsorbed capital allowances	419,654	373,584	89,000
Other deductible temporary differences	5,965,805	5,910,533	5,845,788
	7,695,634	6,284,117	5,934,788

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.

14. INVENTORIES

	2021 RM	2022 RM	2023 RM
Raw materials	140,239	89,457	84,056
Finished goods	9,448,646	11,030,916	14,436,037
	9,588,885	11,120,373	14,520,093

During the financial years, inventories of the Group recognised as cost of sales amounted to RM 43,469,464 (2022: RM38,743,397; 2021: RM32,068,255).

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

15. TRADE AND OTHER RECEIVABLES

	2021 RM	2022 RM	2023 RM
Trade receivables			
Third parties	12,042,836	12,817,170	4,171,438
Less: Impairment losses			
- third parties	(5,816,176)	(6,015,573)	(215,879)
	6,226,660	6,801,597	3,955,559
Other receivables and deposits			
Other receivables	1,261,790	1,302,994	106,958
Deposits	3,890,486	3,965,710	3,750,203
	5,152,276	5,268,704	3,857,161
Less: Impairment losses			
- other receivables	(1,098,537)	(1,239,167)	(52)
- deposits	(29,974)	(29,974)	(29,850)
	(1,128,511)	(1,269,141)	(29,902)
	4,023,765	3,999,563	3,827,259
Total trade and other receivables	10,250,425	10,801,160	7,782,818
Prepayments	510,446	8,817,311	1,017,499
	10,760,871	19,618,471	8,800,317

(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; 2021: 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 35 to the Consolidated Financial Statements.

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

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	10,099,371	10,731,829	7,720,051
Indonesian Rupiah	82,328	-	-
Singapore Dollar	10,117	21,239	11,207
United States Dollar	30,334	30,334	30,334
Vietnamese Dong	20,116	1,171	-
Hong Kong Dollar	7,234	7,835	4,830
Others	925	8,752	16,396
	10,250,425	10,801,160	7,782,818

15. TRADE AND OTHER RECEIVABLES (continued)

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

2021	Gross carrying amount RM	Total allowance RM	Balance as at 30.06.2021 RM
Current	327,393	(990)	326,403
Past due:			
1 to 30 days	2,862,237	(8,235)	2,854,002
31 to 60 days	2,765,351	(35,222)	2,730,129
61 to 90 days	328,529	(12,403)	316,126
91 to 120 days	-	-	-
More than 120 days	5,759,326	(5,759,326)	-
	11,715,443	(5,815,186)	5,900,257
	12,042,836	(5,816,176)	6,226,660

2022	Gross carrying amount RM	Total allowance RM	Balance as at 30.06.2022 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

2023	Gross carrying amount RM	Total allowance RM	Balance as at 30.06.2023 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

15. TRADE AND OTHER RECEIVABLES (continued)

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

	Lifetime ECL allowance RM	Credit impaired RM	Total allowance RM
At 1 July 2020	144,344	5,993,616	6,137,960
Charge for the financial year	6,124	-	6,124
Reversal of impairment loss	(93,618)	(58,066)	(151,684)
Written off	-	(28,478)	(28,478)
Exchange differences	-	(147,746)	(147,746)
At 30 June 2021	56,850	5,759,326	5,816,176
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
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

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, (2022 and 2021: incorporating the impact of the COVID-19 pandemic) 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:

	2021 RM	2022 RM	2023 RM
Maximum exposure	12,042,836	12,817,170	4,171,438
Impairment losses	(5,816,176)	(6,015,573)	(215,879)
Net exposure to credit risk	6,226,660	6,801,597	3,955,559

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

15. TRADE AND OTHER RECEIVABLES (continued)

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

	12-month ECL RM	Lifetime ECL - credit impaired RM	Total allowance RM
At 1 July 2020	29,974	1,151,933	1,181,907
Exchange differences	-	(53,396)	(53,396)
At 30 June 2021	29,974	1,098,537	1,128,511
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
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

The Group has identified the GDP, OPR, retail sales growth, unemployment rate and inflation rate, (2022 and 2021: incorporating the impact of the COVID-19 pandemic) as the key macroeconomic factors in determining the lifetime expected credit loss for other receivables.

16. CASH AND BANK BALANCES

	2021 RM	2022 RM	2023 RM
Cash and bank balances	37,851,186	34,920,844	37,129,265
Deposits with a licensed bank	1,750,000	12,400,000	23,735,000
	39,601,186	47,320,844	60,864,265

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

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	39,169,973	46,809,327	60,343,442
Vietnamese Dong	117,653	48,702	18,504
United States Dollar	81,865	280,513	299,696
Chinese Renminbi	43,463	52,223	52,907
Indonesian Rupiah	67,304	9,148	5,660
Others	120,928	120,931	144,056
	39,601,186	47,320,844	60,864,265

16. CASH AND BANK BALANCES (continued)

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

	2021 RM	2022 RM	2023 RM
Cash and bank balances	37,851,186	34,920,844	37,129,265
Deposits with a licensed bank (not more than three (3) months)	1,750,000	12,400,000	23,735,000
	39,601,186	47,320,844	60,864,265

(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 35 to the Consolidated Financial Statements.

17. SHORT TERM FUNDS

	2021 RM	2022 RM	2023 RM
Fair value through profit or loss			
Short term funds	5,710,521	5,814,580	2,936,086

(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 35 to the Consolidated Financial Statements.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

18. SHARE CAPITAL

	2021		2022		2023	
	Number of shares	**Amount (RM)**	**Number of shares**	**Amount (RM)**	**Number of shares**	**Amount (RM)**
Issue and fully paid	805,651,400	68,000,000	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.

19. RESERVES

	Note	2021 RM	2022 RM	2023 RM
Non-distributable				
Exchange translation reserve	(a)	(256,092)	(250,053)	(249,548)
Revaluation reserve	(b)	805,700	805,700	-
Fair value reserve	(c)	-	-	910,535
		549,608	555,647	660,987
Distributable				
Retained earnings		3,562,044	21,764,394	31,518,755
		4,111,652	22,320,041	32,179,742

(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.

19. RESERVES (continued)

(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.

20. BORROWINGS

	Note	2021 RM	2022 RM	2023 RM
Secured				
Current liabilities				
Term loans	21	1,024,056	1,043,109	1,102,914
Non-current liabilities				
Term loans	21	12,012,134	10,568,254	18,597,744
Total borrowings	21	13,036,190	11,611,363	19,700,658

(a) All borrowings are denominated in RM.

(b) Information on financial risks of borrowings is disclosed in Note 35 to the Consolidated Financial Statements.

(c) Reconciliation of liabilities from financing activities:

	Term loans (Note 21) RM
At 1 July 2020	13,918,225
Cash flows:	
- Net of repayments of borrowings	(882,035)
At 30 June 2021	13,036,190
At 1 July 2021	13,036,190
Cash flows:	
- Net of repayments of borrowings	(1,424,827)
At 30 June 2022	11,611,363
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

21. TERM LOANS

	2021 RM	2022 RM	2023 RM
Secured			
Term loan I is repayable as follows: - 240 equal monthly instalments of RM91,894 each commencing December 2014	10,860,240	9,757,632	8,602,764
Term loan II is repayable as follows: - 180 monthly instalments of RM27,774 each commencing November 2013	2,175,950	1,853,731	-
Term loan III is repayable as follows: - 240 monthly instalments of RM72,890 each commencing March 2023	-	-	11,097,894
	13,036,190	11,611,363	19,700,658
Repayable as follows:			
Current liabilities			
- not later than one (1) year	1,024,056	1,043,109	1,102,914
Non-current liabilities			
- later than one (1) year but not later than five (5) years	4,448,106	4,559,708	4,957,606
- later than five (5) years	7,564,028	6,008,546	13,640,138
	12,012,134	10,568,254	18,597,744
	13,036,190	11,611,363	19,700,658

(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 is 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.

22. PROVISION FOR RESTORATION COSTS

	2021 RM	2022 RM	2023 RM
Non-current			
Provision for restoration cost	590,518	1,203,712	1,134,716
Current			
Provision for restoration cost	259,363	287,382	342,150
	849,881	1,491,094	1,476,866

22. PROVISION FOR RESTORATION COSTS (continued)

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

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

	Note	2021 RM	2022 RM	2023 RM
At 1 July		780,606	849,881	1,491,094
Recognised in right-of-use assets	8(c)	64,327	544,275	4,311
Modifications		-	-	(125,590)
Recognised in profit or loss				
- unwinding of discount on provision for restoration costs	28	4,948	96,938	107,051
At 30 June		849,881	1,491,094	1,476,866

23. TRADE AND OTHER PAYABLES

	2021 RM	2022 RM	2023 RM
Trade payables			
Third parties	1,292,048	830,460	260,275
Other payables, deposits and accruals			
Other payables	1,712,711	1,708,063	1,468,043
Deposits	92,340	95,590	48,890
Accruals	5,985,655	7,783,456	7,209,758
	7,790,706	9,587,109	8,726,691
	9,082,754	10,417,569	8,986,966

(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; 2021: 30 to 90 days).

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

	2021 RM	2022 RM	2023 RM
Ringgit Malaysia	9,013,362	10,371,322	8,975,969
Vietnamese Dong	8,640	30,240	10,890
United States Dollar	2,498	-	-
Indonesian Rupiah	25,010	2,881	-
Others	33,244	13,126	107
	9,082,754	10,417,569	8,986,966

(c) Information on financial risks of trade and other payables is disclosed in Note 35 to the Consolidated Financial Statements.

24. CAPITAL COMMITMENTS

	2021 RM	2022 RM	2023 RM
Capital expenditure in respect of purchase of property, plant and equipment			
Approved and contracted for	518,000	-	653,290

25. CONTINGENT LIABILITIES

	2021 RM	2022 RM	2023 RM
Unsecured corporate guarantees given to financial institutions and third parties for facilities granted to certain subsidiaries:			
- Limit of guarantee	16,655,000	16,655,000	24,550,000
- Amount utilised:			
In favour of a licensed bank for banking facility granted to subsidiaries	2,259,623	1,937,404	11,183,736
In favour of third parties for tenancy agreements entered into by a subsidiary	308,027	1,038,526	1,312,145
	2,567,650	2,975,930	12,495,881

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.

26. REVENUE

	2021 RM	2022 RM	2023 RM
Revenue from contracts with customers			
Sale of goods	76,181,264	101,505,805	113,461,766
Others			
Rental income	279,000	280,800	72,000
	76,460,264	101,786,605	113,533,766
Timing of revenue recognition			
Transferred at a point in time	76,181,264	101,505,805	113,461,766
Others	279,000	280,800	72,000
	76,460,264	101,786,605	113,533,766

26. REVENUE (continued)

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
2021			
Major products and service lines			
Sale of goods	76,181,264	279,000	76,460,264
Geographical markets			
Malaysia	75,933,299	279,000	76,212,299
Vietnam	247,965	-	247,965
Total revenue from contracts with customers	76,181,264	279,000	76,460,264
Timing of revenue recognition			
Transferred at a point in time	76,181,264	-	76,181,264
Others	-	279,000	279,000
	76,181,264	279,000	76,460,264
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
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

26. REVENUE (continued)

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

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. (continued)

2023	Retailing RM	Investment and management services RM	Total RM
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

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.

27. COST OF SALES

	2021 RM	2022 RM	2023 RM
Inventories sold	32,068,255	38,743,397	43,469,464

28. PROFIT BEFORE TAX

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

	Note	2021 RM	2022 RM	2023 RM
After charging:				
Auditors' remuneration:				
- Statutory				
- Auditors of the Company		70,000	73,500	112,000
- Other auditors		4,992	1,851	-
- Other audit-related services				
- Auditors of the Company		10,800	60,000	104,000
Fair value loss on short term funds		458	-	-
Fair value loss on other investments		4,482,646	-	-
Impairment losses on:				
- property, plant and equipment		523,939	-	-
- right-of-use assets		1,504,662	-	-
- goodwill	9	-	19,750	-
Interest expense on:				
- bank guarantee		2,614	-	-
- lease liabilities	8(d)	588,869	619,919	622,626
- term loans		-	-	19,791
- unwinding of discount for provision for restoration costs		4,948	96,938	107,051
Property, plant and equipment written off		3,484	500	3,053
Other receivable written off		-	2,476	1,175
Realised loss on foreign exchange		2,746	10,648	10,852
Rental commission	8(d)	1,014,193	1,855,386	2,130,193
Rental of premises paid/payable to third parties	8(d)	8,050	6,500	6,000
Unrealised loss on foreign exchange		63,164	176	352
Reversal of impairment losses on:				
- trade receivables	15	(151,684)	(81,347)	(12,554)
- other receivables	15	-	-	(124)
Impairment losses on:				
- trade receivables	15	6,124	113,908	240,997
- other receivables	15	-	101,471	52
Net (gain)/loss on impairment of financial assets		(145,560)	134,032	228,371
And crediting:				
Fair value gain on short term fund		-	50,866	112,823
Gain on disposal of property, plant and equipment		-	3,147	4,011
Gain on disposal of investment properties		-	-	1,855,700
Gain on dilution of equity interest in an associate		301,932	-	580,213
Gain on reassessments and modifications of leases	8(d)	593,514	917,528	-

28. PROFIT BEFORE TAX (continued)

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

	Note	2021 RM	2022 RM	2023 RM
And crediting: (continued)				
Interest income from:				
- deposits with a licensed bank		68,256	62,781	203,625
- short term funds		107,640	54,476	11,425
- others		305,161	372,887	502,011
Lease concessions	8(d)	975,308	984,443	39,343
Realised gain on foreign exchange		7,545	16,434	44,213
Rental of premises received/receivable from third party		279,000	280,800	72,000
Reversal of impairment losses on right-of-use assets		-	8,753	-
Unrealised gain on foreign exchange		46	119,644	17,027

29. TAX EXPENSE

	2021 RM	2022 RM	2023 RM
Current tax expense based on profit for the financial year	3,996,000	7,242,800	7,803,526
Over-provision in prior years	(20,309)	(67,058)	(339,292)
	3,975,691	7,175,742	7,464,234
Deferred tax (Note 13)			
Relating to origination and reversal of temporary differences	101,000	(22,000)	68,000
Under/(Over)-provision in prior years	12,000	(351,000)	65,000
	113,000	(373,000)	133,000
	4,088,691	6,802,742	7,597,234

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%; 2021: 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.

Stamped for the purpose of identification only
26 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

29. 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 are as follows:

	2021 RM	2022 RM	2023 RM
Profit before tax	8,073,145	29,033,349	31,450,494
Tax at Malaysian statutory tax rate of 24%	1,937,555	6,968,004	7,548,119
Tax effects in respect of:			
Non-allowable expenses	1,900,970	670,929	942,269
Non-taxable income	(120,048)	(23,907)	(535,505)
Different tax rates in foreign jurisdiction	(4,589)	(107)	482
Utilisation of previously unrecognised tax losses	-	(582,401)	(83,839)
Deferred tax assets not recognised	383,112	188,282	-
	4,097,000	7,220,800	7,871,526
Over-provision of income tax in prior years	(20,309)	(67,058)	(339,292)
Under/(Over)-provision of deferred tax in prior years	12,000	(351,000)	65,000
	4,088,691	6,802,742	7,597,234

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

	Before tax RM	Tax effect RM	After tax RM
2021			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	(14,144)	-	(14,144)
2022			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translations	6,039	-	6,039
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. EARNINGS PER SHARE

(a) Basic

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

	2021 RM	2022 RM	2023 RM
Profit attributable to equity holders of the parent (RM)	3,984,454	22,230,607	23,853,260
Weighted average number of ordinary shares applicable to basic earnings per ordinary share	805,651,400	805,651,400	805,651,400
Basic earnings per ordinary share for profit for the financial year (sen)	0.49	2.76	2.96

(b) Diluted

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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

31. DIVIDENDS

	2021		2022		2023	
	Dividend per share Sen	Amount of dividend RM	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 2021:						
Single tier interim dividend, paid on 22 September 2020	0.25	2,014,129	-	-	-	-
Single tier interim dividend, paid on 18 March 2021	0.25	2,014,128	-	-	-	-
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	-	-
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
	0.50	4,028,257	0.50	4,028,257	1.75	14,098,899

The Directors do not recommend any final dividend in respect of financial year ended 30 June 2021, 30 June 2022 and 30 June 2023.

31. DIVIDENDS (continued)

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:

	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

32. EMPLOYEE BENEFITS

	2021 RM	2022 RM	2023 RM
Wages, salaries and bonuses	9,932,682	10,836,137	10,351,751
Contribution to defined contribution plan	1,433,612	1,584,559	1,617,594
Social security contributions	152,282	151,541	193,373
Other benefits	1,815,070	2,511,907	3,524,857
	13,333,646	15,084,144	15,687,575

Included in the employee benefits of the Group are Directors' remuneration amounting to RM1,871,079 (2022: RM2,087,130; 2021: RM1,655,357).

33. 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.

33. RELATED PARTIES DISCLOSURES (continued)

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

	2021 RM	2022 RM	2023 RM
Paid/payable to other related parties			
Royalties			
- Bonia International Holdings Pte. Ltd.	30,713	62,385	207,356
Security fees			
- Luxury Parade Sdn. Bhd.	81,984	20,496	-
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	593,367	578,584	622,818

* *Purnama Sejahtera Sdn. Bhd.*

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.

The remuneration of Directors and other key management personnel during the financial years were as follows:

	2021 RM	2022 RM	2023 RM
Directors' fees	90,000	90,000	90,000
Short term employee benefits	1,622,503	2,049,430	1,831,253
Contribution to defined contribution plan	195,441	246,619	220,406
	1,907,944	2,386,049	2,141,659

34. 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 since 1 July 2020.

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. On 29 August 2022, the adoption of a dividend policy to distribute not less than 30% of the Company's net profit, commencing from the financial year ended 30 June 2023. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2023, 30 June 2022 and 30 June 2021.

34. 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.

	2021 RM	2022 RM	2023 RM
Borrowings	13,036,190	11,611,363	19,700,658
Lease liabilities owing to a financial institution	250,472	170,468	86,970
Less: Cash and bank balances	(39,601,186)	(47,320,844)	(60,864,265)
Less: Short term funds	(5,710,521)	(5,814,580)	(2,936,086)
	(32,025,045)	(41,353,593)	(44,012,723)
Total capital	72,111,652	90,320,041	100,179,742
Gearing (times) [(1)]	0.18	0.13	0.20
Net gearing ratio [(2)]	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

2021	Fair value through profit or loss RM	Amortised cost RM	Total RM
Financial assets			
Trade and other receivables, net of prepayments	-	10,250,425	10,250,425
Cash and bank balances	-	39,601,186	39,601,186
Short term funds	5,710,521	-	5,710,521
	5,710,521	49,851,611	55,562,132
Financial liabilities			
Borrowings		13,036,190	13,036,190
Trade and other payables		9,082,754	9,082,754
		22,118,944	22,118,944

Stamped for the purpose of identification only
2 6 MAR 2024
BDO PLT
(201906000013 (LLP0018825-LCA) & AF 0206)
Chartered Accountants
Kuala Lumpur

34. FINANCIAL INSTRUMENTS (continued)

(b) Financial instruments (continued)

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

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

(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.

34. FINANCIAL INSTRUMENTS (continued)

(c) Methods and assumptions used to estimate fair value (continued)

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 Group 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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

34. 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					
	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
2021										
Financial asset										
Fair value through profit or loss										
- Short term funds	5,710,521	-	-	5,710,521	-	-	-	-	5,710,521	5,710,521
2022										
Financial asset										
Fair value through profit or loss										
- Short term funds	5,814,580	-	-	5,814,580	-	-	-	-	5,814,580	5,814,580
2023										
Financial asset										
Fair value through profit or loss										
- Short term funds	2,936,086	-	-	2,936,086	-	-	-	-	2,936,086	2,936,086

35. 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's 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. 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; 2021: 30 to 180 days) Each customer has a maximum credit limit and the Group seeks 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 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; 2021: RM4,192,805) owing from two (2) (2022: two (2)) major customers; 2021: 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.

The table below summarises the maturity profile of the liabilities of the Group 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**
2021				
Financial liabilities				
Trade and other payables	9,082,754	-	-	9,082,754
Borrowings	1,436,016	5,744,064	8,536,184	15,716,264
Lease liabilities	5,730,830	11,156,541	1,041,449	17,928,820
Total undiscounted financial liabilities	16,249,600	16,900,605	9,577,633	42,727,838

35. 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 at the end of each reporting period based on contractual undiscounted repayment obligations. (continued)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
2022				
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
2023				
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

(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 would fluctuate because of changes in market interest rates.

The exposure of the Group 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 if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	2021 RM	2022 RM	2023 RM
Profit after tax			
- increased by 0.5%	(85,240)	(49,974)	(39,563)
- decreased by 0.5%	85,240	49,974	39,563

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 Group is lower in 2022 than in 2021 because increase in deposits with a licensed bank is higher than increase in lease liabilities during the financial year.

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

35. 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 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
2021									
Fixed rates									
Deposits with a licensed bank	16	1.58	1,750,000	-	-	-	-	-	1,750,000
Lease liabilities	8	3.27 - 4.22*	(5,245,961)	(4,582,815)	(3,291,713)	(1,691,325)	(1,023,572)	(1,020,652)	(16,856,038)
Floating rates									
Short term funds	17	2.62	5,710,521	-	-	-	-	-	5,710,521
Term loans	21	3.27	(1,024,056)	(1,058,107)	(1,093,158)	(1,129,639)	(1,167,201)	(7,564,029)	(13,036,190)
2022									
Fixed rates									
Deposits with a licensed bank	16	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	17	1.90	5,814,580	-	-	-	-	-	5,814,580
Term loans	21	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

35. 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 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
2023									
Fixed rates									
Deposits with a licensed bank	16	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	17	2.27	2,936,086	-	-	-	-	-	2,936,086
Term loans	21	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

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

35. 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 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; 2021: RM431,213) respectively (see Note 16(a) to the Consolidated Financial Statement) for the Group.

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 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:

		2021 RM	2022 RM	2023 RM
Profit after tax				
USD/RM	- strengthen by 3%	2,501	7,070	7,525
	- weaken by 3%	(2,501)	(7,070)	(7,525)
IDR/RM	- strengthen by 3%	2,841	143	129
	- weaken by 3%	(2,841)	(143)	(129)
VND/RM	- strengthen by 3%	2,944	448	174
	- weaken by 3%	(2,944)	(448)	(174)
SGD/RM	- strengthen by 3%	463	444	314
	- weaken by 3%	(463)	(444)	(314)
HKD/RM	- strengthen by 3%	444	416	389
	- weaken by 3%	(444)	(416)	(389)
JPN/RM	- strengthen by 3%	1,052	1,052	1,052
	- weaken by 3%	(1,052)	(1,052)	(1,052)
RMB/RM	- strengthen by 3%	991	1,191	1,206
	- weaken by 3%	(991)	(1,191)	(1,206)

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

36. LIST OF SUBSIDIARIES

Name of company	Country of incorporation and principal place of business	Effective interest in equity held 2021 %	2022 %	2023 %	Principal activities
CR Boutique Sdn. Bhd. ("CRB")	Malaysia	100	100	100	Retailing of women footwear, handbags and accessories
CRF Marketing Sdn. Bhd. ("CRF")	Malaysia	100	100	100	Designing, promoting and marketing of women footwear
CRL Marketing Sdn. Bhd. ("CRL")	Malaysia	100	100	100	Designing, promoting and marketing of women handbags and accessories
CRI Sdn. Bhd. ("CRI")	Malaysia	100	100	100	Investment holding
CRV Sdn. Bhd. ("CRV")	Malaysia	100	100	100	Marketing and distribution of fashionable goods and accessories and provision of management services
PT CRI Mitra Sejati ("PTCMS") [(1)(2)]	Indonesia	100	100	100	Wholesale import of fashionable goods and accessories
CRR Vietnam Company Limited [(1)(3)(4)] ("CRR")	Vietnam	100	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) Audited by firm of auditors other than BDO PLT

(2) Consolidated based on its management accounts for the financial year ended 30 June 2021, 30 June 2022 and 30 June 2023. The financial statements of this subsidiary was not required to be audited as it was in the progress of members' voluntary winding-up. On 10 January 2024, the progress of members' voluntary winding-up of PTCMS had been completed.

(3) On 15 June 2022, CRR Vietnam Company Limited (wholly-owned subsidiary) had submitted a voluntary dissolution application.

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

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

(a) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 and has subsequently entered into various phases of the MCO. On 8 March 2022, the Government of Malaysia announced that the country will begin its transition to endemic phase of COVID-19 from 1 April 2022 with the opening of its international borders and abolishment of certain COVID-19 restrictions.

Based on the assessment of the Group, there is no significant impact arising from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of the financial statements for the financial year ended 30 June 2023.

The Group will continue take the necessary precautions as well as actively monitor and manage its operations to minimise any impact arising from COVID-19 pandemic.

(b) On 10 September 2020, CRI subscribed for 6,800 ordinary shares in the share capital of Shoppr Labs Sdn. Bhd. for a cash consideration of RM3,584,484.

(c) On 11 September 2020, the Company increased its investment of RM3,600,000 in the share capital of CRI by way of cash consideration.

(d) On 11 November 2020, the Company increased its investment of RM3,900,000 in the share capital of CRI by way of cash consideration.

(e) On 29 January 2021, CRI subscribed for 1,071 ordinary shares in the share capital of Shoppr Labs Sdn. Bhd. for a cash consideration of RM898,162.

(f) On 20 January 2021, CRI subscribed for 15,888,600 ordinary shares in the share capital of CHB, representing 20% equity interest in CHB for a cash consideration of RM4,000,749.

(g) On 4 February 2021, the Company has increased its investment of RM1,000,000 in the share capital of CRI by way of cash consideration.

(h) On 7 May 2021, CHB issued 8,827,000 ordinary shares to the pre-listing investors of CHB. Following the exercise, CRI's equity interest in CHB was diluted from 20% to 18%.

(i) On 17 May 2021, PTCMS had been placed under members' voluntary winding-up.

(j) On 15 June 2022, CRR (wholly-owned subsidiary) had submitted a voluntary dissolution application.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

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

(o) 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.

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

(q) 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.

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

(s) 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.

(t) 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.

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

(v) On 15 September 2023, the Company had distributed and paid a cash dividend of RM4,028,257 to its existing shareholders.

(w) On 20 March 2024, the Company had distributed and paid a cash dividend of RM4,028,257 to its existing shareholders.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

CARLO RINO GROUP BERHAD (200901037127 (880257 - A))
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Dato' Sri Chiang Fong Yee and Ong Boon Huat, two of the Directors of Carlo Rino Group Berhad, state that, in the opinion of the Directors, the Consolidated Financial Statements set out on pages 1 to 90 are drawn up so as to give a true and fair view of the financial position of the Group as at 30 June 2021, 30 June 2022 and 30 June 2023 and of the financial performance and cash flows of the Group for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 in accordance with Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards and International Financial Reporting Standards and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 26 March 2024.

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