

Crigen Resources Berhad
(Formerly known as *Crigen Resources Sdn. Bhd.*)

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(Formerly known as Crigen Resources Sdn. Bhd.)
(Incorporated in Malaysia)

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2020

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FOR THE YEAR ENDED
30 JUNE 2020

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DIRECTORS' REPORT

30 June 2020

The directors present their report on the Company for the financial year ended 30 June 2020.

Directors

The names of the directors in office at any time during, or since the end of, the financial year are:

Tan Chuen Hooi

Cynthia Tong Mee Li

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The profit of the Company for the financial year after providing for income tax expense amounted to \$138,279 (2019: \$266,669).

A review of the operations of the Company during the financial year and the results of those operations found a decrease in sales of approximately 25% from \$2 million (or equivalent to RM5.9 million) to \$1.5 million (or equivalent to RM4.3 million) as a result of the Movement Control Order ("MCO") declared by the Malaysian government in a bid to contain COVID-19 from 18 March 2020 to mid May 2020. As the Company is not an essential service, it had to close during the MCO period and only resumed operation on 4 May 2020 upon obtaining approval from the government. Despite lower revenue during the MCO period, the Company still incurred fixed overheads, resulting in substantial decrease in the gross profit.

New Accounting Standards Implemented

The Company has implemented one new Accounting Standard that is applicable for the current reporting period.

AASB 16: *Leases* has been applied using modified retrospective approach for the first time for the financial year beginning on 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases*.

Upon the early adoption of Amendment to AASB 16: *Leases*, the Company has recognised an income of \$39,893 as a result of the COVID-19 related rent concessions for financial year ended 30 June 2020.

Significant Changes in the State of Affairs

The Company converted from a private limited liability company to a public company limited by shares on 29 July 2019 and henceforth is known as Crigen Resources Berhad.

Principal Activities

The principal activities of the Company during the financial year were provision of spa and wellness services, sale of spa products and leasing of wellness equipment and outlet spaces.

No significant change in the nature of these activities occurred during the financial year.

Events Subsequent to the End of the Reporting Period

Other than as disclosed in Note 14 to the financial statements, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' REPORT

30 June 2020

Likely Developments and Expected Results of Operations

In addition to the current business model, the Company plans to undertake the following:

- Introduce a wellness and investment subscription scheme pursuant to the Interest Scheme Act 2016 in Malaysia. The objective of the wellness and investment scheme is to raise funds for the Company's business expansion and securing more market share in the wellness industry by way of opening additional retail outlets of various types and sizes.
- Venture into postnatal business by providing a serene retreat dedicated to new mums and their bundle(s) of joy. It offers traditional postnatal care complemented by a range of wellness massages amidst a comfortable and relaxing ambience.
- List on NSX Australia to further the Company goals of expanding into the Australian market. The Company recognises that there is 1.2 million people who have Chinese ancestry in Australia, roughly about 5% of the population (Source: <https://www.bbc.com/news/world-australia-54595120>) and 619,164 Indians in Australia, roughly about 2.8% of the Australian population. At 7.8%, this is a significant number because through Crigen's Danai brand, it can offer vast services and products to these markets. The Company aims to capture 10,000 dedicated members (or 0.55% of the total Chinese and Indian population) in its 18 months of operation through a local Australian joint venture, considering its 17 years of vast experience in this industry. The Company believes the services and products offered will be well accepted by the Australian's Chinese and Indians due to the ancestry roots and the advanced non-invasive western treatment. During the IPO listing, the Company aims to raise new capital by issuing new shares to investors for its proposed expansion purposes.

Environmental Regulation

The Company's operation is not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend payment in respect of the current financial year.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares or interests in the Company have been issued during or since the end of the financial year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

DIRECTORS' REPORT
30 June 2020

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under the ethical requirements of APES 110 "Code of Ethics for Professional Accountants" is set out on page 4.

This directors' report is signed in accordance with a resolution of the Board of Directors:


.....
Director Tan Chuen Hooi

Dated this 15th day of June 2021

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER APES 110 CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS
TO THE DIRECTORS OF CRIGEN RESOURCES BERHAD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



WEN-SHIEN CHAI
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 15th day of June 2021

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

		2020	2019
	Note	\$	\$
Revenue	2	1,513,453	2,009,541
Cost of sales		(1,339,681)	(1,226,975)
Gross profit		173,772	782,566
Other income	2	521,715	164,666
Administrative expenses		(472,072)	(511,723)
Profit from operations		223,415	435,509
Finance costs		(39,423)	(5,283)
Profit before tax	3	183,992	430,226
Tax expense	4	(45,713)	(163,557)
Profit for the year		138,279	266,669
Other comprehensive income			
<i>Item that will be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		(208,890)	18,250
Total comprehensive (loss)/income for the financial year		(70,611)	284,919

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		2020	2019
	Note	\$	\$
ASSETS			
Current assets			
Trade and other receivables	5	1,683,100	110,770
Current tax assets		-	8,803
Cash and cash equivalents		72,715	27,016
		<u>1,755,815</u>	<u>146,589</u>
Non-current assets			
Property, plant and equipment	6	2,977,067	2,950,664
Right-of-use assets	7	856,852	-
		<u>3,833,919</u>	<u>2,959,664</u>
TOTAL ASSETS		<u><u>5,589,734</u></u>	<u><u>3,097,253</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	206,419	1,978,809
Contract liabilities	9	278,703	71,309
Borrowings	10	22,375	28,508
Lease liabilities	11	301,229	-
Current tax liabilities		61,602	-
		<u>870,328</u>	<u>2,078,626</u>
Non-current liabilities			
Borrowings	10	39,040	56,035
Lease liabilities	11	570,024	-
Deferred tax liabilities	12	137,498	166,337
		<u>746,562</u>	<u>222,372</u>
TOTAL LIABILITIES		<u><u>1,616,890</u></u>	<u><u>2,300,998</u></u>
NET ASSETS		<u><u>3,972,844</u></u>	<u><u>796,255</u></u>
Equity			
Share capital	13	4,208,750	961,550
Accumulated losses		(48,710)	(186,989)
Foreign currency translation reserve		(187,196)	21,694
Total Equity		<u><u>3,972,844</u></u>	<u><u>796,255</u></u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Note	Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
		\$	\$	\$	\$
At 1 July 2018		961,550	(453,658)	3,444	511,336
Profit for the financial year		-	266,669	-	266,669
Foreign currency translation differences		-	-	18,250	18,250
Total comprehensive income for the financial year		-	266,669	18,250	284,919
At 30 June 2019		961,550	(186,989)	21,694	796,255
At 1 July 2019		961,550	(186,989)	21,694	796,255
Profit for the financial year		-	138,279	-	138,279
Foreign currency translation differences		-	-	(208,890)	(208,890)
Total comprehensive income for the financial year		-	138,279	(208,890)	(70,611)
<i>Transactions with owners:</i>					
Issue of shares	13	3,247,200	-	-	3,247,200
At 30 June 2020		4,208,750	(48,710)	(187,196)	3,972,844

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
Cash flows from operating activities		
Receipt from customers	1,459,581	2,204,946
Payments to suppliers and employees	(1,097,305)	(1,246,960)
Finance costs	(39,423)	(5,283)
Net income tax refunded	-	1,355
Net cash from operating activities	322,853	954,058
Cash flows from investing activities		
Purchase of property, plant and equipment	(469,964)	(17,209)
Net cash used in investing activities	(469,964)	(17,209)
Cash flows from financing activities		
Drawdown of term loan	-	89,767
Proceeds from issuance of shares	250,573	-
Advance from/(Repayment to) Directors	149,518	(999,215)
Repayment of term loan	(22,831)	(6,637)
Payment for the principal portion of lease liabilities	(182,101)	-
Net cash from/(used in) financing activities	195,159	(916,085)
Net increase in cash and bank balances	48,048	20,764
Exchange differences	(2,349)	506
Cash and cash equivalents at beginning of the financial year	27,016	5,746
Cash and cash equivalents at end of the financial year	72,715	27,016

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The financial statements were authorised for issue on 15 June 2021 by the directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The functional currency of the Company is measured using the currency of the primary economic environment in which that Company operates, which is Ringgit Malaysia. The financial statements are presented in Australian dollars (to the nearest dollar) for the purpose of facilitating the process of Initial Public Offering (“IPO”) in NSX Australia.

The financial results and position of the Company whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation are transferred directly to the foreign currency translation reserve in the statement of financial position via other comprehensive income.

Accounting Policies

a. Income Tax

The income tax expense (income) for the financial year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the Malaysian Inland Revenue Board (“MIRB”) using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the financial year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

No deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the Company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Depreciation is recognised in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Beauty equipment	10%
Healthcare wellness equipment	10%
Spa equipment	10%
Computer and software	33.33%
Office equipment	10%
Renovation	10%
Furniture and fittings	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds against the carrying amount. These gains or losses are recognised in profit or loss when the items are derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that assets are transferred to retained earnings/accumulated losses.

c. Leases

As lessee

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset ("ROU") and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The ROU assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the ROU assets is at cost less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

ROU assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

d. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a Company of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

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

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Company elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: *Financial Instruments*:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Company assessed whether the financial instruments are credit impaired, and:

- if the credit risk of the financial instrument increased significantly since initial recognition, the Company measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there was no significant increase in credit risk since initial recognition, the Company measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: *Revenue from Contracts with Customers*, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Purchased or originated credit-impaired approach

For a financial asset that is considered to be credit-impaired (not on acquisition or originations), the Company measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Company applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in profit or loss.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

e. Impairment of Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information, and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

f. Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, social security contributions and bonuses. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries, social security contributions and bonuses are recognised as part of current trade and other payables in the statement of financial position.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Company has no further payment obligations.

g. Government Grants/Assistance

Grants/Assistance from government is recognised when there is a reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants/assistance relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

h. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts, if any. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

j. Revenue Recognition

Revenue from Contract with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Company 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 that asset.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- The customer simultaneously receives and consumes the benefits provided as the Company performs.
- The Company's performance creates and enhances an asset that the customer controls as the asset is created or enhanced.
- The Company's performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Spa, Beauty Treatment and Wellness Services

Revenue from provision of spa, beauty treatment and wellness services is recognised when services are rendered to the customers.

Rental Income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

Other Fees

Other fees such as administrative handling fee, consultation fee and training fee are recognised in profit or loss on the date the Company has rendered the services. Such fees are recognised as other income.

k. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. Refer to Note 1(d) for further discussion on determination of impairment losses for financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

l. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

m. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

n. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o. New and Amended Accounting Policies Adopted by the Company

Initial application of AASB 16

The Company has adopted AASB 16: *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. The comparatives for the 2019 reporting period have not been restated.

The Company has recognised a lease liability and right-of-use ("ROU") asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117: *Leases* where the Company is the lessee.

The lease liabilities are measured at the present value of the remaining lease payments. The Company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The ROU assets which comprise properties, were measured at their carrying amounts as if AASB 16: *Leases* had been applied since the commencement date, but discounted using the Company's incremental borrowing rates per lease term as at 1 July 2019.

The ROU assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability, prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Company in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- applying AASB 16 to leases previously identified as leases under AASB 117: *Leases* and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application; and
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Upon the early adoption of Amendment to AASB 16: *Leases*, the Company has recognised an income of \$39,893 as a result of the COVID-19 related rent concessions for the financial year ended 30 June 2020.

The effects arising from initial application of AASB 16 are as follows:

	As previously reported	Effects on adoption of AASB 16	As restated
	\$	\$	\$
1 July 2019			
Statement of financial position			
Right-of-use assets	-	519,574	519,574
Lease liabilities	-	519,574	519,574

The Company's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 4.52% to 4.98%. The difference between the undiscounted amount of operating lease commitments at 30 June 2019 of \$565,539 and the discounted operating lease commitments as at 1 July 2019 of \$519,574 were \$45,965 which is due to discounting the operating lease commitments at the Company's incremental borrowing rates.

p. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

(i) Depreciation of Plant and Equipment

The cost of an item of plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of plant and equipment. Based on the directors' assessment, the depreciation rates for plant and equipment assets are appropriate.

(ii) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows. Based on the directors' assessment, there are no indicators of impairment of non-financial assets.

(iii) Impairment of Financial Assets

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

Based on the directors' assessment, there is no expected credit loss associated with financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

(iv) *Performance Obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/type, cost value, quantity and the period of transfer related to the goods or services promised.

(v) *Lease term and Option to Extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease, if the lessee is reasonably certain to exercise that option, and also periods covered by an option to terminate the lease, if the lessee is reasonably certain not to exercise that option. The options that are reasonably certain of being exercised is a key management judgement that the Company will make. The Company determines the likelihood to exercise on a lease-by-lease basis looking at various factors such as which assets are strategic and which are key to future strategy of the Company.

NOTE 2: REVENUE AND OTHER INCOME

The Company has recognised the following amounts relating to revenue in the statement of profit or loss and other comprehensive income.

	Note	2020 \$	2019 \$
Revenue from contracts with customers	2a	1,513,453	2,009,541
Other income	2b	521,715	164,666
a. Contract with customers:			
Spa, beauty treatment and wellness services		506,496	868,455
Rental of equipment and outlet spaces		579,999	830,595
Beauty products		426,958	310,491
		<u>1,513,453</u>	<u>2,009,541</u>
Timing of revenue recognition:			
– at a point in time		336,759	686,330
– over time		1,176,694	1,323,211
		<u>1,513,453</u>	<u>2,009,541</u>
b. Other Income			
Administrative handling fee		108,475	42,719
Consultation fee		116,793	121,947
Training fee		206,864	-
Wage subsidy		49,690	-
COVID-19 related rent concession		39,893	-
		<u>521,715</u>	<u>164,666</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 3: PROFIT BEFORE TAX

	2020	2019
	\$	\$
Expenses		
Depreciation of property, plant and equipment	372,967	342,125
Depreciation of right-of-use assets	237,006	-
Directors' fee	23,005	14,227
Employee benefits expense *	511,257	528,193
Interest expense on:		
– Lease liabilities	34,233	-
– Term loan	5,190	5,283
Property, plant and equipment written off	24,827	-
Rental expenses	-	277,160
	<u>1,208,485</u>	<u>1,166,988</u>
 * Employee benefits expense		
– Salary, allowances, bonus, wages and commission	462,147	493,270
– Contributions to defined contribution plan	42,184	30,244
– Social security contributions	6,926	4,679
	<u>511,257</u>	<u>528,193</u>

NOTE 4: TAX EXPENSE

	2020	2019
	\$	\$
a. Based on results for the financial year		
– Current tax	(73,261)	-
– Deferred tax relating to the origination and reversal of temporary differences	(3,539)	(163,557)
	<u>(76,800)</u>	<u>(163,557)</u>
Over provision of deferred tax in prior year	31,087	-
	<u>(45,713)</u>	<u>(163,557)</u>
 b. The reconciliation of tax expense of the Company is as follows:		
	2020	2019
	\$	\$
Profit before tax	<u>183,992</u>	<u>430,226</u>
Tax at Malaysian statutory tax rate of 24%	(44,158)	(103,254)
Non-taxable income	-	1,278
Non-deductible expenses	(32,642)	(61,581)
	<u>(76,800)</u>	<u>(163,557)</u>
Over provision in prior year	31,087	-
	<u>(45,713)</u>	<u>(163,557)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

The Company has the following estimated unutilised tax losses and unabsorbed capital allowances, available for set-off against future taxable profit as follows (stated at gross):

	2020	2019
	\$	\$
Unutilised tax losses	-	126,432
Unabsorbed capital allowances	-	17,914

NOTE 5: TRADE AND OTHER RECEIVABLES

	Note	2020	2019
		\$	\$
CURRENT			
Trade	5a		
Third parties		-	6,177
Related parties	5b	676,980	-
		<u>676,980</u>	<u>6,177</u>
Non-trade			
Related party	5b	846,893	-
Deposits		139,480	102,798
Government assistance		15,889	-
Prepayments		3,786	1,723
GST claimable		72	72
		<u>1,006,120</u>	<u>104,593</u>
		<u>1,683,100</u>	<u>110,770</u>

- a. The trade receivables are non-interest bearing and are generally on 180 days (2019: 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- b. Related parties refer to Koperasi Usahawan Metropolitan Kuala Lumpur Berhad ("Koperasi") and Crigen Capital Sdn. Bhd. (Note 15).

The entire non-trade amount consists of consideration receivable from Koperasi pursuant to the Private Placement (Note 13(iii)).

Crigen Resources Berhad
(Formerly known as Crigen Resources Sdn. Bhd.)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

	Beauty equipment	Healthcare wellness equipment	Spa equipment	Computer and software	Office equipment	Renovation	Furniture and fittings	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At cost								
At 1 July 2018	2,710,840	-	78,623	15,678	12,738	928,910	38,175	3,784,964
Additions	-	-	3,777	3,902	2,557	6,973	-	17,209
Foreign currency translation	72,721	-	2,173	487	385	25,037	1,024	101,827
At 30 June 2019	2,783,561	-	84,573	20,067	15,680	960,920	39,199	3,904,000
Additions	-	220,405	1,239	1,374	16,900	230,046	-	469,964
Written off	-	-	-	-	-	(151,751)	(10,046)	(161,797)
Foreign currency translation	(40,401)	(8,978)	(1,278)	(347)	(916)	(17,137)	(160)	(69,217)
At 30 June 2020	2,743,160	211,427	84,534	21,094	31,664	1,022,078	28,993	4,142,950
Accumulated depreciation								
At 1 July 2018	-	-	59,039	15,317	7,511	497,510	10,202	589,579
Depreciation expense	273,703	-	2,654	378	834	61,475	3,081	342,125
Foreign currency translation	4,653	-	1,629	417	215	14,392	326	21,632
At 30 June 2019	278,356	-	63,322	16,112	8,560	573,377	13,609	953,336
Depreciation expense	285,965	7,809	2,857	1,650	1,546	69,985	3,155	372,967
Written off	-	-	-	-	-	(127,390)	(9,580)	(136,970)
Foreign currency translation	(15,689)	(318)	(1,036)	(301)	(187)	(5,983)	64	(23,450)
At 30 June 2020	548,632	7,491	65,143	17,461	9,919	509,989	7,248	1,165,883
Carrying amount								
At 30 June 2019	2,505,205	-	21,251	3,955	7,120	387,543	25,590	2,950,664
At 30 June 2020	2,194,528	203,936	19,391	3,633	21,745	512,089	21,745	2,977,067

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 7: RIGHT-OF-USE ASSETS

The Company's lease portfolio includes buildings. These leases have an average of 2 to 3 years as their lease term.

Options to extend or terminate

The option to extend or terminate are contained in several of the property leases of the Company. These clauses provide the Company opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

(i) AASB 16 related amounts recognised in the statement of financial position

Right-of-use assets

	2020
	\$
At cost	
At 30 June 2019	-
Recognised on Initial application of AASB 16 (previously classified as operating leases under AASB 117)	519,574
At 1 July 2019	519,574
Additions	610,670
Foreign currency translation	(46,040)
At 30 June 2020	1,084,204
Accumulated depreciation	
At 1 July 2019	-
Current charge	237,006
Foreign currency translation	(9,654)
At 30 June 2020	227,352
Carrying amount	856,852

ii) AASB 16 related amounts recognised in profit or loss

	\$
Depreciation charge related to right-of-use assets	237,006
Interest expense on lease liabilities	34,233
Short-term leases expense	152,572

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 8: TRADE AND OTHER PAYABLES

	Note	2020 \$	2019 \$
CURRENT			
Trade			
Third parties	8a	42,338	18,911
Non-trade			
Third parties		103,836	45,156
Directors	8b	5,372	1,857,141
Accruals		54,873	57,601
		164,081	1,959,898
		206,419	1,978,809

- a. The trade payables are non-interest bearing and are normally settled within 30 days (2019: 30 days) credit terms.
- b. It is unsecured, non-interest bearing and is repayable on demand.

NOTE 9: CONTRACT LIABILITIES

	2020 \$	2019 \$
Contract liabilities	278,703	71,309

Contract liabilities relate to the unearned revenue or unexpired packages from the sale of spa and wellness treatment packages and are recognised on the statement of financial position when consideration is received from or billed to the customers, but services are yet to be performed.

Revenue will be recognised in profit or loss when performance obligations are satisfied which is expected to be rendered in the next twelve months.

NOTE 10: BORROWINGS

	2020 \$	2019 \$
Repayable within 1 year (current)	22,375	28,508
Repayable between 1 and 2 years	33,152	30,433
Repayable between 2 and 5 years	5,888	25,602
Repayable after 1 year (non-current)	39,040	56,035
	61,415	84,543

The effective interest rate per annum of the term loan at the end of the reporting period is 6.50% (2019: 6.50%). It is secured by way of joint and several guarantee by the Directors of the Company.

During the financial year, the bank has extended the loan tenure and rescheduled the repayment terms of the term loan due to the adverse effect of the recent COVID-19 outbreak on the Company. A temporary deferment of loan repayment obligations for six months from 1 April 2020 until 30 September 2020 ("Moratorium period") has been granted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

NOTE 11: LEASE LIABILITIES

	2020
	\$
Minimum lease payments	
Repayable within 1 year	334,830
Repayable between 1 to 2 years	268,525
Repayable between 2 to 5 years	301,571
Repayable more than 5 years	39,722
	<hr/> 944,648
Less: Future finance charges	(73,395)
Present value of lease payments	<hr/> <hr/> 871,253

The present values of lease liabilities are analysed as follows:

	\$
Repayable within 1 year (current)	<hr/> 301,229
Repayable between 1 to 2 years	248,299
Repayable between 2 to 5 years	282,722
Repayable more than 5 years	39,003
Repayable after 1 year (non-current)	<hr/> 570,024
	<hr/> <hr/> 871,253

The lease liabilities bear effective interest rates ranging from 4.52% to 4.98% per annum.

NOTE 12: DEFERRED TAX LIABILITIES

	2020	2019
	\$	\$
Balance at beginning	166,337	-
Recognised in profit or loss	3,539	163,557
	<hr/> 169,876	163,557
Over provision in prior year	(31,087)	-
Foreign currency translation	(1,291)	2,780
Balance at end	<hr/> <hr/> 137,498	<hr/> <hr/> 166,337

The recognised deferred tax liabilities before offsetting are as follows:

	2020	2019
	\$	\$
Property, plant and equipment	226,447	215,954
Contract liabilities	(88,949)	-
Unutilised tax losses	-	(30,392)
Unutilised capital allowances	-	(19,225)
	<hr/> 137,498	<hr/> <hr/> 166,337

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Deferred tax assets and liabilities are offset where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

NOTE 13: ISSUED CAPITAL

	2020 No.	2019 No.	2020 \$	2019 \$
Issued and fully/partially paid:				
Balance at beginning	3,000,000	3,000,000	961,550	961,550
Issued	5,735,772	-	3,247,200	-
Balance at end	8,735,772	3,000,000	4,208,750	961,550
Analysed as:				
Fully paid	7,721,735	3,000,000	3,310,470	961,550
Unpaid	1,014,037	-	898,280	-
	8,735,772	3,000,000	4,208,750	961,550

During the financial year, the Company increased its ordinary share capital from \$961,550 to \$4,208,750 by way of the issuance of:

- (i) 3,500,000 new ordinary shares of \$0.3619 (equivalent to RM1) as satisfaction of \$1,266,650 owing to a Director – Cynthia Tong Mee Li, out of which 1,575,000 shares are issued to her, with the remaining settlement shares being assigned to the following parties:
 - 1,575,000 shares to another Director; and
 - 350,000 shares to an existing shareholder.
- (ii) 933,931 new ordinary shares of \$0.8858 (equivalent to RM2.46) as satisfaction of \$827,319 owing to the Directors – Cynthia Tong Mee Li and Tan Chuen Hooi, of which the settlement shares are assigned to Koperasi.
- (iii) 1,301,841 new ordinary shares of \$0.8858 (equivalent to RM2.46) to Koperasi amounting to \$1,153,231 via a Private Placement, whereby \$254,951 was paid up with the remaining unpaid balance of \$898,280 payable not later than 30 November 2020 (Note 5b) pursuant to a board resolution dated 5 June 2020. As at the date of this report, the unpaid shares have been fully paid up.

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 1,000,000 ordinary shares at meetings of the Company. The ordinary shares have no par value.

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

- (i) On 22 July 2020, the Company was listed on 1x Exchange Pte. Ltd., a private securities exchange named 1exchange ("1X") in Singapore.
- (ii) On 15 September 2020, the Company entered into a Purchase and Sales of Business Assets Agreement ("Agreement") to acquire the confinement centre business of Double Onefive Sdn. Bhd. for a total cash consideration of RM150,000. The purchase consideration has been fully paid as at the date of this report.

NOTE 15: RELATED PARTY TRANSACTIONS

Identity of Related Parties

The Company has related party relationships with the following parties:

Related party	Relationship
Crigen Capital Sdn. Bhd. ("CCSB") and Danai Divine Mediq International Sdn. Bhd. ("DDMISB")	: Companies in which the Directors of the Company have substantial financial interests
Crigen Capital PLT ("CCPLT")	: A partnership in which a Director of the Company is a partner
Koperasi Usahawan Metropolitan Kuala Lumpur Berhad *	: A registered cooperative which became a shareholder of the Company on 4 May 2020

* Ceased to be a shareholder as at the date of this report. All transactions have been entered into upon receiving the necessary mandates from the cooperative's members.

Transactions with Related Parties

In addition to the related party information disclosed elsewhere in the financial statements, the Company has the following transactions occurred with related parties:

	2020	2019
	\$	\$
With Koperasi		
– Amount owing from	1,467,363	-
With CCSB		
– Sale of spa, beauty treatment and wellness packages	330,049	-
– Equipment and outlet spaces rental income	250,148	788,591
– Administrative handling fee income	61,582	40,649
– Training fee income	66,182	-
– Consultancy fee income	116,793	111,785
– Amount owing from	56,510	-
With DDMISB		
– Outlet spaces rental income	-	33,874
– Administrative handling fee income	-	2,070
With CCPLT		
– Consultancy fee income	-	10,162

Compensation of key management personnel

Key management personnel are those persons including Directors having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The Company has no other members of key management personnel apart from the board of Directors whose compensation has been shown in Note 3.

NOTE 16: FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

		2020	2019
	Note	\$	\$
Financial assets			
Financial assets at amortised cost:			
– Trade and other receivables (excluding prepayments and GST receivable)	5	1,679,242	108,975
– Cash and cash equivalents		72,715	27,016
Total financial assets		1,751,957	135,991
Financial liabilities			
Financial liabilities at amortised cost:			
– Trade and other payables	8	206,419	1,978,809
– Borrowings	10	61,415	84,543
– Lease liabilities	11	871,253	-
Total financial liabilities		1,139,087	2,063,352

NOTE 17: FAIR VALUE MEASUREMENTS

The carrying amounts of trade and other receivables (excluding prepayments and GST receivable), trade and other payables and cash and bank balances approximate their fair values due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

NOTE 18: SIGNIFICANT EVENT

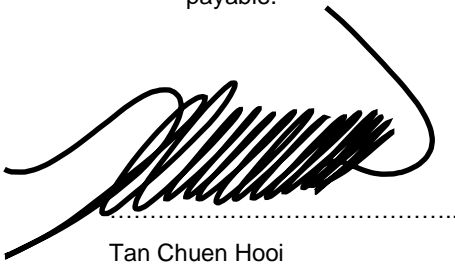
During March 2020, the World Health Organization declared the Coronavirus disease outbreak ("COVID-19") as a global pandemic. As a result, the Malaysian Government has taken certain actions in dealing with the pandemic, which included the declaration of the Movement Control Order ("MCO") which came into effect on 18 March 2020. The introduction of the MCO resulted in the suspension of businesses that were non-essential in the country and had interfered with the general activity levels in the community and the economy.

The lockdown of non-essential services during the MCO which happened during the financial year, has affected the Company's business operation since the Company is not an essential service, it was closed throughout the MCO until 4 May 2020. Subsequently on 5 May 2020, the economy of Malaysia has reopened but subject to strict standard operating procedures. There is considerable uncertainty over the scale and duration of the impact arising from COVID-19. Therefore, the Company anticipates a decline in its revenue for the financial year ending 30 June 2021 which is mainly driven by the lower demand from customers. However, as the related financial impact cannot be estimated with sufficient reliability, the Company does not consider it practical to provide a quantitative estimate of the potential impact of COVID-19 on the Company.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Crigen Resources Berhad (formerly known as Crigen Resources Sdn. Bhd.), the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 31:
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the financial year ended on that date of the Company.
2. In the directors' opinion there are reasonable grounds to believe that Crigen Resources Berhad (formerly known as Crigen Resources Sdn. Bhd.) will be able to pay its debts as and when they become due and payable.



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Tan Chuen Hooi

Dated this 15th day of June 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CRIGEN RESOURCES BERHAD****Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of Crigen Resources Berhad (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and directors' declaration.

In our opinion, the accompanying financial report of Crigen Resources Berhad:

- i. gives a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- ii. complies with Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Director for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards. The directors' responsibility also includes such internal controls as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CRIGEN RESOURCES BERHAD (CONTINUED)**

Report on the Audit of the Financial Report (continued)

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the Australian Auditing Standards 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 include the economic decisions of the users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



WEN-SHIEN CHAI
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 15th day of June 2021.