

CRIGEN RESOURCES BERHAD

(Incorporated in Malaysia)

**FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2020**

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DIRECTORS' REPORT
31 December 2020

The directors present their report on the Company for the half-year ended 31 December 2020.

Directors

The names of directors in office at any time during, or since the end of, the half-year ended 31 December 2020 are:

Tan Chuen Hooi

Cynthia Tong Mee Li

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

Review of Operations

The profit of the Company for the half-year ended 31 December 2020 after providing for income tax expense amounted to \$89,805 (2019: \$107,238).

A review of the operations of the Company during the half-year and the results of those operations found a slight decrease in sales of approximately 1% from \$0.98 million (or equivalent to RM2.8 million) to \$0.97 million (or equivalent to RM2.9 million). However, the overall results and performance for both periods do not vary much and remains consistent.

Significant Changes in the State of Affairs

No significant changes in the Company's state of affairs occurred during the half-year ended 31 December 2020.

Principal Activities

The principal activities of the Company during the half-year ended 31 December 2020 were provision of spa and wellness services, sale of spa products and leasing of wellness equipment and outlet spaces.

The Company commenced its postnatal business which involved providing a serene retreat dedicated to new mums and their bundle(s) of joy.

Events Subsequent to The End of the Reporting Period

Other than as disclosed in Note 15 to the financial statements, no matters or circumstances have arisen since the end of the reporting period 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.

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.

DIRECTORS' REPORT
31 December 2020

- 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 half-year ended 31 December 2020.

Options

No options over issued shares or interests in the Company were granted during or since the end of the financial period 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 period 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 period, 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 period.

DIRECTORS' REPORT
31 December 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 half-year ended 31 December 2020, there have been no contraventions of any applicable code of professional conduct in relation to the review.



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 HALF-YEAR ENDED 31 DECEMBER 2020**

		(Unaudited)	
		Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
	Note	\$	\$
Revenue	2	976,265	982,842
Cost of sales		(658,708)	(684,235)
Gross profit		317,557	298,607
Other income	2	185,322	341,172
Administrative expenses		(259,752)	(471,686)
Profit from operations		243,127	168,093
Finance costs		(17,949)	(17,273)
Profit before tax	3	225,178	150,820
Tax expense	4	(135,373)	(43,582)
Profit for the period		89,805	107,238
Other comprehensive income			
<i>Item that will be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		(187,155)	9,529
Total comprehensive (loss)/income for the period		(97,350)	116,767

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

		As at 31 December 2020	As at 30 June 2020
	Note	\$	\$
ASSETS			
Current assets			
Trade and other receivables	5	2,788,068	1,683,100
Cash and cash equivalents		187,200	72,715
		<u>2,975,268</u>	<u>1,755,815</u>
Non-current assets			
Property, plant and equipment	6	3,207,359	2,977,067
Right-of-use assets	7	612,917	856,852
		<u>3,820,276</u>	<u>3,833,919</u>
TOTAL ASSETS		<u><u>6,795,544</u></u>	<u><u>5,589,734</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	389,287	206,419
Contract liabilities	9	536,235	278,703
Borrowings	10	33,688	22,375
Lease liabilities	11	258,782	301,229
Current tax liabilities		231,159	61,602
		<u>1,449,151</u>	<u>870,328</u>
Non-current liabilities			
Borrowings	10	42,572	39,040
Lease liabilities	11	370,151	570,024
Deferred tax liabilities	12	90,960	137,498
Redeemable preference shares	13	967,216	-
		<u>1,470,899</u>	<u>746,562</u>
TOTAL LIABILITIES		<u><u>2,920,050</u></u>	<u><u>1,616,890</u></u>
NET ASSETS		<u><u>3,875,494</u></u>	<u><u>3,972,844</u></u>
Equity			
Share capital	14	4,208,750	4,208,750
Retained earnings/(Accumulated losses)		41,095	(48,710)
Foreign currency translation reserve		(374,351)	(187,196)
Total Equity		<u><u>3,875,494</u></u>	<u><u>3,972,844</u></u>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Share Capital	(Accumulated Losses)/ Retained Earnings	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$
At 1 July 2019	961,550	(186,989)	21,694	796,255
Profit for the period	-	107,238	-	107,238
Foreign currency translation differences	-	-	9,529	9,529
Total comprehensive income for the period	-	107,238	9,529	116,767
At 31 December 2019	961,550	(79,751)	31,223	913,022
At 1 July 2020	4,208,750	(48,710)	(187,196)	3,972,844
Profit for the period	-	89,805	-	89,805
Foreign currency translation differences	-	-	(187,155)	(187,155)
Total comprehensive income for the period	-	89,805	(187,155)	(97,350)
At 31 December 2020	4,208,750	41,095	(374,351)	3,875,494

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Half-year Ended 31 December 2020 \$	(Unaudited) Half-year Ended 31 December 2019 \$
Cash flows from operating activities		
Receipts from customers	1,637,981	882,281
Payments to suppliers and employees	(479,438)	(592,352)
Finance costs	(17,949)	(17,273)
Net income tax refunded/(paid)	332	(1,751)
Net cash from operating activities	1,140,926	270,904
Cash flows from investing activities		
Purchase of property, plant and equipment	(576,574)	(311,471)
Deposit for trade secrets	(1,826,367)	-
Net cash used in investing activities	(2,402,941)	(311,471)
Cash flows from financing activities		
Drawdown of term loan	24,905	-
Proceeds from unpaid shares arising from prior year Private Placement	851,219	-
Proceeds from issuance of preference shares, net of transaction costs	660,149	-
Advance (to)/from directors	(34,576)	143,083
Repayment of term loan	(6,744)	(15,422)
Payment for the principal portion of lease liabilities	(112,024)	(84,412)
Net cash from financing activities	1,382,929	43,249
Net increase in cash and cash equivalents	120,914	2,682
Exchange differences	(6,429)	329
Cash and cash equivalents at beginning of financial period	72,715	27,016
Cash and cash equivalents at end of financial period	187,200	30,027

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 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

These 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. 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 HALF-YEAR ENDED 31 DECEMBER 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 HALF-YEAR ENDED 31 DECEMBER 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 HALF-YEAR ENDED 31 DECEMBER 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 HALF-YEAR ENDED 31 DECEMBER 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 HALF-YEAR ENDED 31 DECEMBER 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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).

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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. **Preference Shares**

Preference shares are classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, or is the holders' ultimate intention to convert the preference shares into ordinary shares, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity.

Preference shares are classified as liability if it is redeemable on a specific date or at the option of the holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as incurred.

i. **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.

j. **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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

k. **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.

l. **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.

m. **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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

n. **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.

o. **Comparative Figures**

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

(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.

		(Unaudited)
	Half-year Ended	Half-year Ended
	31 December	31 December
	2020	2019
Note	\$	\$
Revenue from contracts with customers	2a	976,265
Other income	2b	185,322
		982,842
a. Contract with customers:		
Spa, beauty treatment and wellness services	279,123	400,257
Rental of equipment and outlet spaces	195,255	450,684
Beauty products	491,825	131,901
Confinement package sales	10,062	-
	976,265	982,842
Timing of revenue recognition:		
– at a point in time	25,959	267,853
– over time	950,306	714,989
	976,265	982,842
b. Other Income		
Administrative handling fee	19,924	84,240
Consultation fee	59,772	84,240
COVID-19 related rent concession	24,364	-
Gain on lease modification	2,164	-
Sundry income	19,724	-
Training fee	43,833	172,692
Wage subsidy	15,541	-
	185,322	341,172

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 3: PROFIT BEFORE TAX

	(Unaudited)	
	Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
	\$	\$
Expenses		
Depreciation of property, plant and equipment	198,200	183,648
Depreciation of right-of-use assets	136,570	91,754
Directors' fee	23,909	14,742
Employee benefits expense *	210,008	286,828
Interest expense on:		
– Lease liabilities	15,929	14,168
– Term loan	2,019	3,105
Property, plant and equipment written off	-	26,822
	<u>586,635</u>	<u>621,067</u>
 * Employee benefits expense		
– Salary, allowances, bonus, wages and commission	189,559	262,526
– Contributions to defined contribution plan	17,668	21,065
– Social security contributions	2,781	3,237
	<u>210,008</u>	<u>286,828</u>

NOTE 4: TAX EXPENSE

	(Unaudited)	
	Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
	\$	\$
a. Based on results for the financial period		
– Current tax	(158,728)	(118,638)
– Deferred tax relating to the origination and reversal of temporary differences	41,508	75,056
	<u>(117,220)</u>	<u>(43,582)</u>
Over provision of tax in prior period		
– Current tax	(17,821)	-
– Deferred tax	(332)	-
	<u>(18,153)</u>	<u>-</u>
	<u>(135,373)</u>	<u>(43,582)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

- b. The reconciliation of tax expense of the Company is as follows:

	(Unaudited)	
	Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
	\$	\$
Profit before tax	225,178	150,820
Tax at Malaysian statutory tax rate of 24%	(54,043)	(36,197)
Non-deductible expenses	(63,177)	(7,385)
	(117,220)	(43,582)
Over provision in prior period	(18,153)	-
	(135,373)	(43,582)

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):

	(Unaudited)	
	Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
	\$	\$
Unutilised tax losses	2,635	-
Unabsorbed capital allowances	7,471	-

NOTE 5: TRADE AND OTHER RECEIVABLES

		As at 31 December 2020	(Audited) As at 30 June 2020
	Note	\$	\$
CURRENT			
Trade	5a		
Third parties		73,066	-
Related parties	5b	309,152	676,980
		382,218	676,980
Non-trade			
Related parties	5b	138,543	846,893
Preference shareholder	5c	323,700	-
Refundable deposit for trade secrets	15a	1,780,350	-
Director	5d	28,582	-
Deposits		134,607	139,480
Government assistance		-	15,889
Prepayments		-	3,786
GST claimable		68	72
		2,405,850	1,006,120
		2,788,068	1,683,100

- a. The trade receivables are non-interest bearing and are generally on 180 days (30.6.2020: 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

- b. Related parties refer to Koperasi Usahawan Metropolitan Kuala Lumpur Berhad ("Koperasi"), Crigen Capital Sdn. Bhd. and EDM Resources Group Sdn. Bhd. (Note 16).

The non-trade related balance as at 30 June 2020 consists of consideration receivable from Koperasi pursuant to the Private Placement. The consideration has been received during the half-year ended 31 December 2020.

- c. The balance due from the preference shareholder has been received on 11 January 2021.
- d. It is unsecured, non-interest bearing and is repayable on demand.

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Crigen Resources Berhad

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED 31 DECEMBER 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 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
Write 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
Additions	-	153,747	-	4,125	17,909	380,924	19,869	576,574
Foreign currency translation	(127,664)	(13,713)	(3,934)	(1,085)	(1,925)	(57,164)	(1,850)	(207,335)
At 31 December 2020	2,615,496	351,461	80,600	24,134	47,648	1,345,838	47,012	4,512,189
Accumulated depreciation								
At 1 July 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
Depreciation expense	134,155	17,571	1,325	1,021	1,811	40,357	1,960	198,200
Foreign currency translation	(28,913)	(792)	(3,065)	(838)	(507)	(24,751)	(387)	(59,253)
At 31 December 2020	653,874	24,270	63,403	17,644	11,223	525,595	8,821	1,304,830
Carrying amount								
At 30 June 2020	2,194,528	203,936	19,391	3,633	21,745	512,089	21,745	2,977,067
At 31 December 2020	1,961,622	327,191	17,197	6,490	36,425	820,243	38,191	3,207,359

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 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

	As at 31 December 2020	As at 30 June 2020
	\$	\$
At cost		
Balance at beginning	1,084,204	519,574
Additions	38,857	610,670
Written off	(140,241)	-
Foreign currency translation	(47,903)	(46,040)
Balance at end	934,917	1,084,204
Accumulated depreciation		
Balance at beginning	227,352	-
Current charge	136,570	237,006
Written off	(28,621)	-
Foreign currency translation	(13,301)	(9,654)
Balance at end	322,000	227,352
Carrying amount	612,917	856,852

ii) AASB 16 related amounts recognised in profit or loss

	Half-year Ended 31 December 2020	(Unaudited) Half-year Ended 31 December 2019
	\$	\$
Depreciation charge related to right-of-use assets	136,570	91,754
Interest expense on lease liabilities	15,929	14,168
Short-term leases expense	45,823	80,754

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 8: TRADE AND OTHER PAYABLES

		As at 31 December 2020	As at 30 June 2020
	Note	\$	\$
CURRENT			
Trade			
Third parties	8a	24,428	42,338
Non-trade			
Third parties		268,027	103,836
Directors	8b	-	5,372
Shareholder	8b	4,204	-
Accruals		92,628	54,873
		364,859	164,081
		389,287	206,419

- a. The trade payables are non-interest bearing and are normally settled within 30 days (30.6.2020: 30 days) credit terms.
- b. It is unsecured, non-interest bearing and is repayable on demand.

NOTE 9: CONTRACT LIABILITIES

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Contract liabilities	536,235	278,703

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

	As at 31 December 2020	As at 30 June 2020
Repayable within 1 year (current)	33,688	22,375
Repayable between 1 and 2 years	27,109	33,152
Repayable between 2 and 5 years	15,463	5,888
Repayable after 1 year (non-current)	42,572	39,040
	76,260	61,415

The effective interest rate per annum of the term loans at the end of the reporting period range from 5.97% to 6.50% (30.6.2020: 6.50%). The term loans are secured by way of joint and several guarantee by the Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 11: LEASE LIABILITIES

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Minimum lease payments		
Repayable within 1 year	281,394	334,830
Repayable between 1 to 2 years	186,776	268,525
Repayable between 2 to 5 years	195,844	301,571
Repayable more than 5 years	12,624	39,722
	<hr/> 676,638	<hr/> 944,648
Less: Future finance charges	(47,705)	(73,395)
Present value of lease payments	<hr/> 628,933	<hr/> 871,253

The present values of lease liabilities are analysed as follows:

	\$	\$
Repayable within 1 year (current)	<hr/> 258,782	<hr/> 301,229
Repayable between 1 to 2 years	174,099	248,299
Repayable between 2 to 5 years	183,520	282,722
Repayable more than 5 years	12,532	39,003
Repayable after 1 year (non-current)	<hr/> 370,151	<hr/> 570,024
	<hr/> 628,933	<hr/> 871,253

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

NOTE 12: DEFERRED TAX LIABILITIES

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Balance at beginning	137,498	166,337
Recognised in profit or loss	(41,508)	3,539
	<hr/> 95,990	<hr/> 169,876
Under/(Over) provision in prior period	332	(31,087)
Foreign currency translation	(5,362)	(1,291)
Balance at end	<hr/> 90,960	<hr/> 137,498

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

The recognised deferred tax liabilities before offsetting are as follows:

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Property, plant and equipment	219,792	226,447
Contract liabilities	(128,832)	(88,949)
	<u>90,960</u>	<u>137,498</u>

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: REDEEMABLE PREFERENCE SHARES

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Balance at beginning	-	-
New issuance	1,000,500	-
Transaction costs	(3,985)	-
Foreign currency translation	(29,299)	-
Balance at end	<u>967,216</u>	<u>-</u>

On 16 November 2020, the Company issued 30 redeemable preference shares ("RPS") at an issue price of \$32,370 (equivalent to RM100,000) per preference share amounting to \$1,000,500. The remaining balance of \$323,700 was received on 11 January 2021 (Note 5c). The transaction cost of \$3,985 was deducted from the total proceeds of the issue to determine the initial carrying amount of the RPS. The RPS are classified and presented as a financial liability measured at amortised cost instead of equity in accordance with the requirements of the AASB 132: *Financial Instruments: Presentation*.

The salient terms of the RPS are disclosed as follows:

- The RPS are redeemable two (2) years after the issuance thereof or at the option of the Company for any early redemption.
- The RPS holders are entitled to receive a cumulative preferential cash dividend ("Dividend") at the rate of twelve per cent (12%) per annum payable on 31 December in each year ("Dividend Date") when, as and if declared by the Board of Directors of the Company ("Board"). The Board reserves the rights to declare interim dividend from time to time at the Board's discretion.
- In the event of the commencement of any dissolution or winding up of the Company before any redemption of the preference shares, the preference shares shall rank senior to the holders of the Company's ordinary shares and any other securities of obligations of the Company that are subordinated to the preference shares. On such dissolution or winding up, each preference shareholder shall be entitled to receive an amount equal to the Redemption Price together with any accrued but unpaid Dividend (whether or not declared).
- The RPS holders shall not be entitled to attend and vote at general meetings of the Company. The RPS holders shall be entitled to attend class meetings of the RPS holders. Every RPS holder who is present in person in such class meetings shall have on a show of hands one vote and on a poll vote for every RPS of which he is the holder.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

NOTE 14: ISSUED CAPITAL

	31 December 2020 No.	30 June 2020 No.	31 December 2020 \$	30 June 2020 \$
Issued and fully/partially paid:				
Balance at beginning	8,735,772	3,000,000	4,208,750	961,550
Issued	-	5,735,772	-	3,247,200
Balance at end	8,735,772	8,735,772	4,208,750	4,208,750
Analysed as:				
Fully paid	8,735,772	7,721,735	4,208,750	3,310,470
Unpaid	-	1,014,037	-	898,280
	8,735,772	8,735,772	4,208,750	4,208,750

There was no change in issued capital during the half-year ended 31 December 2020.

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 15: 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) **Purchase of trade secrets**

On 21 January 2021, the Company ("Assignee") entered into a Deed of Assignment with Cynthia Tong Mee Li ("Cynthia"), Tan Chuen Hooi and Wong Loke Suan ("collectively Assignors") for the Company to acquire from the Assignors the technical and marketing knowhow, procedures and practices, including devices and ingredients used in its provision of spa and wellness services ("trade secrets").

The total consideration for the purchase of trade secrets amounted to RM8,000,000 of which the Company will pay the Assignors in the following manner:

- (a) Cash payment of \$1,780,350 (equivalent to RM5,500,000) paid to Cynthia as a refundable deposit in December 2020 (Note 5d); and
- (b) Issuance of 1,016,260 new ordinary shares of \$0.7734 (equivalent to RM2.46) each amounting to \$786,000 (equivalent to RM2,500,000) to the following parties:
 - 469,934 shares to Crigen MCM Nominee PLT, a partnership belonging to the directors and a key management personnel of the Company;
 - 282,098 shares to Cynthia;
 - 101,626 shares to Tan Chuen Hooi; and
 - 162,602 shares to Wong Loke Suan.

The issuance was completed on 23 April 2021.

(ii) **Issuance of new ordinary shares**

On 4 May 2021, the Company issued 159,744 new ordinary shares of \$1.9750 (equivalent to RM6.26) amounting to \$315,494 (equivalent to RM999,997) to the following parties:

- 63,898 shares to Cynthia;
- 63,898 shares to Tan Chuen Hooi; and
- 31,948 shares to Wong Loke Suan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

(iii) **Proposed acquisition of CA Life Science Sdn. Bhd. ("CA Life Science")**

On 31 May 2021, via a Directors' resolution, the Company proposed to acquire 500,000 ordinary shares, representing the entire equity interest in CA Life Science for a total purchase consideration of \$1,419 (equivalent to RM4,531). Following the completion of the acquisition, CA Life Science will become a wholly-owned subsidiary of the Company.

NOTE 16: 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")	: Companies in which the Directors of the Company have substantial financial interests
Koperasi Usahawan Metropolitan Kuala Lumpur Berhad ("Koperasi") *	: A registered cooperative which became a shareholder of the Company on 4 May 2020
EDM Resources Group Sdn. Bhd. ("EDM")	: A company in which a key management personnel of the Company has financial interest
Crigen Capital PLT ("CCPLT")	: A partnership in which a Director of the Company is a partner
Max Capital Management PLT ("MCM")	: A partnership in which a key management personnel of the Company is a partner

* 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:

	As at 31 December 2020	As at 30 June 2020
	\$	\$
Amount owing from		
– Koperasi	-	1,467,363
– CCSB	429,568	56,510
– EDM	18,127	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		(Unaudited)
	Half-year Ended 31 December 2020	Half-year Ended 31 December 2019
Transactions with CCSB		
– Sale of spa, beauty treatment and wellness packages	1,035,662	230,747
– Equipment and outlet spaces rental income	195,255	193,752
– Administrative handling fee income	19,924	35,100
– Training fee income	43,833	46,332
– Consultancy fee income	59,772	84,240
	<hr/>	<hr/>
Transactions with CCPLT		
– Administrative handling fee income	-	7,020
	<hr/>	<hr/>
Transactions with MCM		
– Project management fee paid	123,662	-
	<hr/>	<hr/>

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 17: 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:

		As at 31 December 2020	As at 30 June 2020
	Note	\$	\$
Financial assets			
Financial assets at amortised cost:			
– Trade and other receivables (excluding prepayments and GST receivable)	5	2,788,000	1,679,242
– Cash and cash equivalents		187,200	72,715
Total financial assets		<hr/> 2,975,200 <hr/>	<hr/> 1,751,957 <hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		As at 31 December 2020	As at 30 June 2020
	Note	\$	\$
Financial liabilities			
Financial liabilities at amortised cost:			
– Trade and other payables	8	389,287	206,419
– Borrowings	10	76,260	61,415
– Lease liabilities	11	628,933	871,253
– Redeemable preference shares	13	967,216	-
Total financial liabilities		<u>2,061,696</u>	<u>1,139,087</u>

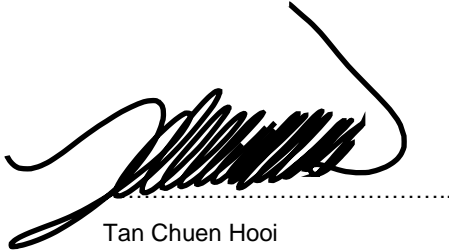
NOTE 18: FAIR VALUE MEASUREMENTS

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

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Crigen Resources Berhad, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 32:
 - a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half-year ended on that date of the Company.
2. In the directors' opinion there are reasonable grounds to believe that Crigen Resources Berhad will be able to pay its debts as and when they become due and payable.



.....
Tan Chuen Hooi

Dated this 15th day of June 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF CRIGEN RESOURCES BERHAD****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the financial report of Crigen Resources Berhad (the Company), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, and notes to the financial report, including a summary of significant accounting policies and directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Crigen Resources Berhad does not:

- i. give a true and fair view of the Company's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- ii. comply with Accounting Standard *AASB 134: Interim Financial Reporting*.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report does not:

- i. give a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
- ii. comply with Accounting Standard *AASB 134: Interim Financial Reporting*.

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

Report on the Half-Year Financial Report (continued)

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code).



WEN-SHIEN CHAI
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 15th day of June 2021.