

Registration No. 200301029985 (632405-X)

CRIGEN RESOURCES BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
31 DECEMBER 2021**

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(Incorporated in Malaysia)

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STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being the Directors of the Company, do hereby state that, in our opinion, the financial statements as set out on pages 2 to 45 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial period then ended.

Approved and signed on behalf of the Board:



TAN CHUEN HOOI



CYNTHIA TONG MEE LI

Penang


Date: **14 JUN 2022**

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, TAN CHUEN HOOI, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 2 to 45 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Tan Chuen Hooi
at George Town in the State of Penang
on **14 JUN 2022**



TAN CHUEN HOOI
NRIC No. 710804-07-5355

Before me,

Commissioner for oaths



169, Lebuhr Noordin,
10300 Pulau Pinang.

CRIGEN RESOURCES BERHAD

(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Group	Company	
	Note	31.12.21	31.12.21	30.6.21
		RM	RM	RM
ASSETS				
Non-current assets				
Property, plant and equipment	5	9,857,525	9,717,525	9,654,102
Right-of-use assets	6	1,202,605	1,202,605	1,628,997
Investment in a subsidiary	7	-	4,531	-
Intangible assets	8	7,877,074	7,866,667	7,866,667
		<u>18,937,204</u>	<u>18,791,328</u>	<u>19,149,766</u>
Current assets				
Receivables	9	3,911,804	4,051,804	3,724,899
Cash and bank balances		71,144	71,120	98,854
		<u>3,982,948</u>	<u>4,122,924</u>	<u>3,823,753</u>
TOTAL ASSETS		<u>22,920,152</u>	<u>22,914,252</u>	<u>22,973,519</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	10	15,499,996	15,499,996	15,499,996
Accumulated losses		(123,466)	(120,221)	(267,548)
Total equity		<u>15,376,530</u>	<u>15,379,775</u>	<u>15,232,448</u>
Non-current liabilities				
Redeemable preference shares	11	2,988,000	2,988,000	2,988,000
Term loans	12	49,433	49,433	74,870
Lease liabilities	13	-	-	968,323
Deferred tax liabilities	14	555,000	555,000	555,000
		<u>3,592,433</u>	<u>3,592,433</u>	<u>4,586,193</u>
Current liabilities				
Payables	15	2,293,342	2,284,197	1,621,992
Contract liabilities	16	252,854	252,854	618,815
Term loans	12	83,650	83,650	113,266
Lease liabilities	13	1,233,395	1,233,395	686,357
Current tax liabilities		87,948	87,948	114,448
		<u>3,951,189</u>	<u>3,942,044</u>	<u>3,154,878</u>
Total liabilities		<u>7,543,622</u>	<u>7,534,477</u>	<u>7,741,071</u>
TOTAL EQUITY AND LIABILITIES		<u>22,920,152</u>	<u>22,914,252</u>	<u>22,973,519</u>

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

CRIGEN RESOURCES BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

		Group	Company	
		1.7.21	1.7.21	1.7.20
		TO	TO	TO
		31.12.21	31.12.21	30.6.21
	Note	RM	RM	RM
Revenue	17	4,315,738	4,315,738	8,301,585
Cost of sales		<u>(3,922,789)</u>	<u>(3,922,789)</u>	<u>(6,984,878)</u>
Gross profit		392,949	392,949	1,316,707
Other income	18	466,454	466,454	839,464
Administrative expenses		<u>(626,865)</u>	<u>(623,620)</u>	<u>(1,588,231)</u>
Profit from operations		232,538	235,783	567,940
Finance costs		<u>(42,456)</u>	<u>(42,456)</u>	<u>(104,854)</u>
Profit before tax	19	190,082	193,327	463,086
Tax expense	20	<u>(46,000)</u>	<u>(46,000)</u>	<u>(432,677)</u>
Net profit, representing total comprehensive income for the financial period/year		<u>144,082</u>	<u>147,327</u>	<u>30,409</u>

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

CRIGEN RESOURCES BERHAD

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	Share capital RM	Accumulated losses RM	Total equity RM
At 1 July 2021	15,499,996	(267,548)	15,232,448
Net profit, representing total comprehensive income for financial period	<u>-</u>	<u>144,082</u>	<u>144,082</u>
At 31 December 2021	<u>15,499,996</u>	<u>(123,466)</u>	<u>15,376,530</u>

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

CRIGEN RESOURCES BERHAD

(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	Note	Share capital RM	Accumulated losses RM	Total equity RM
At 1 July 2020		11,999,999	(297,957)	11,702,042
Net profit, representing total comprehensive income for the financial year		-	30,409	30,409
<i>Transactions with owners:</i>				
Issuance of ordinary shares	10	<u>3,499,997</u>	<u>-</u>	<u>3,499,997</u>
At 30 June 2021 / 1 July 2021		15,499,996	(267,548)	15,232,448
Net profit, representing total comprehensive income for the financial period		<u>-</u>	<u>147,327</u>	<u>147,327</u>
At 31 December 2021		<u><u>15,499,996</u></u>	<u><u>(120,221)</u></u>	<u><u>15,379,775</u></u>

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

CRIGEN RESOURCES BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Group	Company	
	1.7.2021	1.7.2021	1.7.2020
	TO	TO	TO
	31.12.2021	31.12.2021	30.6.2021
	RM	RM	RM
Cash flows from operating activities			
Profit before tax	190,082	193,327	463,086
Adjustments for:			
Amortisation of intangible asset	-	-	133,333
Covid-19 related rent concession	(133,454)	(133,454)	(236,094)
Depreciation of property, plant and equipment	625,601	625,601	1,194,502
Depreciation of right-of-use assets	426,392	426,392	839,746
Gain on lease modification	-	-	(6,518)
Interest expense	42,456	42,456	104,854
Property, plant and equipment written off	-	-	7,736
Operating profit before working capital changes	1,151,077	1,154,322	2,500,645
Changes in working capital:			
Receivables	(141,905)	(84,178)	(1,261,851)
Payables	615,381	657,136	1,029,805
Contract liabilities	(365,961)	(365,961)	(202,106)
Cash generated from operations	1,258,592	1,361,319	2,066,493
Interest paid	(42,456)	(42,456)	(104,854)
Tax paid	(72,500)	(72,500)	(349,677)
Net cash from operating activities	1,143,636	1,246,363	1,611,962
Cash flows from investing activities			
Advance to subsidiary	-	(242,727)	-
Cash flows from acquisition of a subsidiary *	(4,507)	-	-
Investment in a subsidiary	-	(4,531)	-
Purchase of intangible assets	-	-	(5,500,000)
Purchase of property, plant and equipment	(829,024)	(689,024)	(2,087,364)
Net cash used in investing activities	(833,531)	(936,282)	(7,587,364)

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

CRIGEN RESOURCES BERHAD

(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

	Group	Company	
	1.7.2021	1.7.2021	1.7.2020
	TO	TO	TO
	31.12.2021	31.12.2021	30.6.2021
	RM	RM	RM
Cash flows from financing activities			
Drawdown of term loan	-	-	75,000
Proceeds from unpaid ordinary shares arising from prior year Private Placement	-	-	2,494,530
Proceeds from issuance of ordinary shares	-	-	999,997
Proceeds from issuance of preference shares, net of transaction costs	-	-	2,988,000
Advance from/(Repayment to) Directors	5,069	5,069	(15,825)
Repayment of term loans	(55,053)	(55,053)	(67,762)
Payment for the principal portion of lease liabilities	(287,831)	(287,831)	(613,868)
Net cash (used in)/from financing activities	(337,815)	(337,815)	5,860,072
Net decrease in cash and bank balances	(27,710)	(27,734)	(115,330)
Cash and bank balances at beginning of the financial period/year	98,854	98,854	214,184
Cash and bank balances at end of the financial period/year	71,144	71,120	98,854

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

CRIGEN RESOURCES BERHAD

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**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021**

Note:

- (i) Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Term loans RM	Lease liabilities RM	Amount due to Directors RM	Redeemable preference shares RM
Group and Company				
31.12.2021				
At beginning of the financial period	188,136	1,654,680	-	2,988,000
Advance from	-	-	5,069	-
Repayment to	(55,053)	(287,831)	-	-
Covid-19 related rent concession	-	(133,454)	-	-
At end of the financial period	133,083	1,233,395	5,069	2,988,000
Company				
30.6.2021				
At beginning of the financial year	180,898	2,566,282	15,825	-
Drawdown of term loan	75,000	-	-	-
Repayment to	(67,762)	(613,868)	(15,825)	-
Net changes in cash flows from financing activities	7,238	(613,868)	(15,825)	-
Termination of lease	-	281,017	-	-
Acquisition of new leases	-	(336,139)	-	-
Covid-19 related rent concession	-	(236,094)	-	-
Gain on lease modification	-	(6,518)	-	-
Proceeds from issuance, net of transaction costs	-	-	-	2,988,000
At end of the financial year	188,136	1,654,680	-	2,988,000

- (ii) Total cash outflows for leases as a lessee:

During the financial period/year, the total cash outflows for leases that are included in the Group's and the Company's operating and financing activities amounted to RM341,528 and RM341,528 (30.6.21: RM908,608) respectively.

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

CRIGEN RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

1. CORPORATE INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and is listed on 1X Exchange Pte. Ltd., a private securities exchange in Singapore.

The registered office of the Company is located at Glomac Business Centre, Unit 302, Block A, Jalan SS 6/1, Kelana Jaya, Petaling Jaya, 47301 Selangor Darul Ehsan.

The principal place of business of the Company is located at 74E, 4th Floor, Wisma Binjul, Jalan Tanjung Tokong, 10470 Tanjung Tokong, Penang.

The principal activities of the Company during the financial period remain unchanged and comprise the provision of spa, beauty and wellness services, sale of its related products and leasing of wellness equipment and outlet spaces. The principal activity and other information of the subsidiary is disclosed in Note 7 to the financial statements.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards.

New and Revised MFRSs and Amendments/Improvements to MFRSs

(i) Adoption of Amendments to MFRSs

The Group and the Company has adopted the following Amendments to MFRSs that are mandatory for the current financial period:

Amendment to MFRS 16	Covid-19 Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021

Initial application of the above standards did not have any significant effect on the financial statements of the Group and the Company.

(ii) Standards issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and Amendments/Improvements to MFRSs that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

Effective for financial periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	

Effective for financial periods beginning on or after 1 January 2023

MFRS 17 and Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company will adopt the above accounting standards when they become effective in the respective financial periods. These standards are not expected to have any effect to the financial statements of the Group and the Company upon initial applications.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

(c) Functional and presentation currency

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

3. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTIES

The summary of accounting policies as described in Note 4 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates and underlying assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income, expenses and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and underlying assumptions made by management, and will seldom equal the estimated results.

The key assumptions concerning the future and other key sources of estimation or uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(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.

(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. The Group and the Company have also taken into consideration the impact of Covid-19 pandemic in the process of estimating future cash flows.

(iii) Impairment of financial assets

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

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

For non-trade receivables, the Group and the Company apply the approach permitted by MFRS 9, which requires the Group and the Company to measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

(a) Basis of consolidation

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the end of the reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

A subsidiary is consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

The acquisition of the subsidiary is accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

Subsidiary

In the Company's separate financial statements, investment in a subsidiary is accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions between the entities in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repairs and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Beauty equipment	10%
Healthcare wellness equipment	10%
Spa equipment	10%
Computer and software	33.33%
Office equipment	10%
Renovation	10%
Furniture and fittings	10%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted as appropriate.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

(iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the disposal is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

(c) Intangible assets

Goodwill

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary at the date of acquisition.

Goodwill is allocated to cash-generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in the Group's profit or loss.

Trade secrets

Intangible assets comprise trade secrets in relation to the Group's and the Company's spa and wellness services. Trade secrets acquired are measured at cost less accumulated amortisation and any accumulated impairment losses. Trade secrets, which are regarded to have finite useful lives are amortised on a straight-line basis over their estimated useful lives of 10 years. The carrying amount of these costs is reviewed annually and will be written down when its value had deteriorated or when it ceases to have any economic useful life. The policy for the recognition and measurement of impairment loss is in accordance with Note 4(f)(ii).

(d) Leases

As a lessee

The Group and the Company recognise a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The ROU assets and lease liabilities are presented as a separate line in the statements of financial position.

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined as follows:

Outlet spaces and buildings	2 to 6 years
Motor vehicle	5 years

In addition, the ROU assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group and the Company apply MFRS 136 to determine whether a ROU asset is impaired and accounts for any identified impairment loss in accordance with Note 4(f)(ii).

The lease liabilities are initially measured at the present value of the future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liabilities include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liabilities are measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group and the Company change their assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As a lessor

When the Group and the Company act as a lessor, they determine at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of revenue.

(e) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets.

All financial assets are subject to impairment assessment as disclosed in Note 4(f)(i).

Financial liabilities

The category of financial liabilities at initial recognition is as follows:

Amortised cost

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

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realise the asset and liability simultaneously.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(f) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost and contract assets. ECLs are a probability-weighted estimate of credit losses.

Loss allowances of the Group and the Company are measured on either of the following bases:

- (i) 12-month ECLs - represents the ECLs that result from default events that are possible within the 12 months after the end of the reporting period (or for a shorter period if the expected life of the instrument is less than 12 months); or
- (ii) Lifetime ECLs - represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach – trade receivables

The Group and the Company apply the simplified approach to provide ECLs for all trade receivables as permitted by MFRS 9. The simplified approach required expected lifetime losses to be recognised from initial recognition of the receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where applicable.

General approach – other financial instruments

The Group and the Company apply the general approach to provide for ECLs on all other financial instruments, which requires the loss allowance to be measured at an amount equal to 12-months ECLs at initial recognition.

At the end of each reporting period, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward looking information, where available.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held); or
- The financial asset is more than 1 year past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Credit impaired financial assets

At the end of each reporting period, the Group and the Company assess whether financial assets carried at amortised cost is credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or significant past due event (e.g. being more than 1 year past due);
- The lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession that the lender would not otherwise consider (e.g. the restructuring of a loan or advance by the Group and the Company on terms that the Group and the Company would not consider otherwise);
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for security because of financial difficulties.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due. Any recoveries made are recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, previously recognised impairment losses are assessed at the end of each reporting period whether there is any indication that the loss has decreased or no longer exist. An impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for assets in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. An impairment loss recognised for goodwill is not reversed.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, fixed deposits with licensed banks and other short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, and pledged deposits, if any.

(h) Equity instruments

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

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(i) 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 equity 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 equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as incurred.

(j) Provisions

Provisions are recognised when the Group and the Company have a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(k) Revenue and other income recognition

(i) 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 Group and the Company expect 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 Group and the Company recognise 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.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group and the Company transfer control of a good or service at a point in time unless one of the following over time criteria is met:

- The customer simultaneously received and consumes the benefits provided as the Group and the Company perform.
- The Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced.
- The Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have 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 and wellness treatment services

The Group and the Company sell prepaid packages for spa, beauty and wellness treatments which comprise multiple number of treatments. The service period of a prepaid package is one year. Prepaid packages are non-refundable and customers may utilise all of their contracted rights within the service period. Revenue is recognised over time when the PO is satisfied over the period of the contract i.e. when services are rendered to the customers.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received the consideration from or has billed the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group and the Company have fulfilled the necessary performance obligation under the contract.

Sale of spa, beauty and wellness products

Revenue from sale of beauty and wellness products is recognised upon delivery of goods when the control of the goods has been passed to the customers, net of sales and services taxes and discounts, if any. Such revenue is recognised at point in time when control of goods is transferred to the customers.

Rental income

Rental income comprises leasing of wellness equipment and outlet spaces and is recognised in profit or loss on a straight-line basis over the term of the lease.

(ii) Other fees

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

(l) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial period in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave, are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) 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 Group and the Company have no further payment obligations.

(m) Government grant/assistance

Grants/Assistance from government is recognised when there is a reasonable assurance that the grant will be received and the Group 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.

Government grant/assistance related to assets are presented in the statements of financial position as deferred revenue and recognised in profit or loss on a systematic basis over the useful life of the asset.

(n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Other borrowing costs i.e. bank and finance charges are recognised as expenses in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(o) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial period, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

(p) Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) Has control or joint control over the Group;
 - (ii) Has significant influence over the Group; or
 - (iii) Is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) The entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Company or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the Group.
- (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group.

(q) Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Beauty equipment RM	Healthcare wellness equipment RM	Spa equipment RM	Computer and software RM	Office equipment RM	Renovation RM	Furniture and fittings RM	Capital work-in- progress RM	Total RM
At cost									
At 1 July 2021	8,080,000	1,085,760	235,917	77,991	137,591	3,339,566	145,233	926,566	14,028,624
Additions	115,000	380,900	9,450	1,173	22,138	104,036	60,011	136,316	829,024
Reclassification	-	-	-	-	-	338,534	-	(338,534)	-
At 31 December 2021	8,195,000	1,466,660	245,367	79,164	159,729	3,782,136	205,244	724,348	14,857,648
Accumulated depreciation									
At 1 July 2021	2,424,000	129,266	192,153	59,783	34,762	1,500,180	34,378	-	4,374,522
Current charge	404,958	62,629	4,500	5,340	8,426	132,372	7,376	-	625,601
At 31 December 2021	2,828,958	191,895	196,653	65,123	43,188	1,632,552	41,754	-	5,000,123
Carrying amount	5,366,042	1,274,765	48,714	14,041	116,541	2,149,584	163,490	724,348	9,857,525

Company	Beauty equipment RM	Healthcare wellness equipment RM	Spa equipment RM	Computer and software RM	Office equipment RM	Renovation RM	Furniture and fittings RM	Capital work-in-progress RM	Total RM
At cost									
At 1 July 2020	8,080,000	622,760	248,996	62,134	93,267	3,010,539	85,400	-	12,203,096
Additions	-	463,000	-	15,857	51,124	570,984	59,833	926,566	2,087,364
Written off	-	-	(13,079)	-	(6,800)	(241,957)	-	-	(261,836)
At 30 June 2021 /									
1 July 2021	8,080,000	1,085,760	235,917	77,991	137,591	3,339,566	145,233	926,566	14,028,624
Additions	115,000	380,900	9,450	1,173	20,286	12,210	13,689	136,316	689,024
Reclassification	-	-	-	-	-	338,534	-	(338,534)	-
At 31 December 2021	8,195,000	1,466,660	245,367	79,164	157,877	3,690,310	158,922	724,348	14,717,648
Accumulated depreciation									
At 1 July 2020	1,616,000	22,065	191,880	51,432	29,216	1,502,177	21,350	-	3,434,120
Current charge	808,000	107,201	7,545	8,351	10,427	239,950	13,028	-	1,194,502
Written off	-	-	(7,272)	-	(4,881)	(241,947)	-	-	(254,100)
At 30 June 2021 /									
1 July 2021	2,424,000	129,266	192,153	59,783	34,762	1,500,180	34,378	-	4,374,522
Current charge	404,958	62,629	4,500	5,340	8,426	132,372	7,376	-	625,601
At 31 December 2021	2,828,958	191,895	196,653	65,123	43,188	1,632,552	41,754	-	5,000,123
Carrying amount									
At 31 December 2021	5,366,042	1,274,765	48,714	14,041	114,689	2,057,758	117,168	724,348	9,717,525
At 30 June 2021	5,656,000	956,494	43,764	18,208	102,829	1,839,386	110,855	926,566	9,654,102

6. RIGHT-OF-USE ASSETS

	Outlet spaces and buildings RM	Motor vehicle RM	Total RM
Group			
At cost			
At 1 July 2021 / 31 December 2021	<u>2,888,220</u>	<u>164,000</u>	<u>3,052,220</u>
Accumulated depreciation			
At 1 July 2021	1,415,023	8,200	1,423,223
Current charge	409,992	16,400	426,392
At 31 December 2021	<u>1,825,015</u>	<u>24,600</u>	<u>1,849,615</u>
Carrying amount	<u>1,063,205</u>	<u>139,400</u>	<u>1,202,605</u>
Company			
At cost			
At 1 July 2020	3,193,531	-	3,193,531
Additions	117,017	164,000	281,017
Termination of lease	(422,328)	-	(422,328)
At 30 June 2021 / 31 December 2021	<u>2,888,220</u>	<u>164,000</u>	<u>3,052,220</u>
Accumulated depreciation			
At 1 July 2020	669,666	-	669,666
Current charge	831,546	8,200	839,746
Termination of lease	(86,189)	-	(86,189)
At 30 June 2021 / 1 July 2021	<u>1,415,023</u>	<u>8,200</u>	<u>1,423,223</u>
Current charge	409,992	16,400	426,392
At 31 December 2021	<u>1,825,015</u>	<u>24,600</u>	<u>1,849,615</u>
Carrying amount			
At 31 December 2021	<u>1,063,205</u>	<u>139,400</u>	<u>1,202,605</u>
At 30 June 2021	<u>1,473,197</u>	<u>155,800</u>	<u>1,628,997</u>

The Group and the Company lease a number of outlet spaces and properties that run between 2 years and 3 years, with an option to renew the lease after that date. The motor vehicle is being acquired under a 5 years lease arrangement and is pledged as security for the related lease liabilities as disclosed in Note 13.

The expenses charged to profit or loss during the financial period/year are as follows:

	Group	Company	
	1.7.21	1.7.21	1.7.20
	TO	TO	TO
	31.12.21	31.12.21	31.6.21
	RM	RM	RM
Depreciation of right-of-use assets	426,392	426,392	839,746
Interest expense on lease liabilities	34,947	34,947	88,554
Expenses relating to short-term leases	18,250	18,250	205,826
Expenses relating to low value assets	500	500	360

7. INVESTMENT IN A SUBSIDIARY

	Company	
	31.12.21	30.6.20
	RM	RM
Unquoted shares, at cost	4,531	-

Details of the subsidiary, which was incorporated in Malaysia, are as follows:

Name of subsidiary	Effective equity interest		Principal activity
	31.12.21	30.6.21	
	%	%	
CA Life Science Sdn. Bhd.	100	-	Inactive.

On 7 July 2021, the Company acquired 500,000 ordinary shares, representing the entire equity interest in CA Life Science Sdn. Bhd. ("CA Life Science") for a total purchase consideration of RM4,531. Following the acquisition, CA Life Science became a wholly-owned subsidiary of the Company.

The acquired subsidiary which qualified as business combination did not have a material effect on the Group's results for the financial period ended 31 December 2021.

Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Receivable	45,000
Cash on hand	24
Payables	(50,900)
Net identifiable liabilities	(5,876)
Goodwill arising from acquisition (Note 8b)	10,407
Fair value of consideration transferred	4,531

Net cash outflow arising from acquisition of a subsidiary:

	RM
Purchase consideration settled in cash	4,531
Less: Cash on hand acquired	(24)
	4,507

8. INTANGIBLE ASSETS

Group	Trade secrets RM	Goodwill RM	Total RM
At cost			
At 1 July 2021	8,000,000	-	8,000,000
Addition	-	10,407	10,407
At 31 December 2021	<u>8,000,000</u>	<u>10,407</u>	<u>8,010,407</u>
Accumulated amortisation			
At 1 July 2021	133,333	-	133,333
Current charge	-	-	-
At 31 December 2021	<u>133,333</u>	<u>-</u>	<u>133,333</u>
Carrying amount	<u>7,866,667</u>	<u>10,407</u>	<u>7,877,074</u>
Company			Trade secrets RM
At cost			
At 1 July 2020			-
Additions			8,000,000
At 30 June 2021 / 31 December 2021			<u>8,000,000</u>
Accumulated amortisation			
At 1 July 2020			-
Current charge			133,333
At 30 June 2021 / 1 July 2021			<u>133,333</u>
Current charge			-
At 31 December 2021			<u>133,333</u>
Carrying amount			
At 31 December 2021			<u>7,866,667</u>
At 30 June 2021			<u>7,866,667</u>

The amortisation of trade secrets is included in cost of sales.

(a) Trade secrets

In the previous financial year, the Company (the "Assignee") entered into a Deed of Assignment with Cynthia Tong Mee Li ("Cynthia"), Tan Chuen Hooi and Wong Loke Suan (collectively referred to as the "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"). Subsequently on 1 February 2021, the Assignee and Assignors entered into a supplemental agreement to revise certain terms and conditions in the Deed of Assignment.

The total consideration for the acquisition of trade secrets was RM8,000,000 of which the Company has paid the Assignors in the following manner:

- (i) Cash payment of RM5,500,000 to Cynthia; and
- (ii) Issuance of 1,016,260 new ordinary shares of RM2.46 each on 24 April 2021 amounting 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.

(b) Goodwill

The goodwill on consolidation arose from the acquisition of a wholly-owned subsidiary, namely CA Life Science as disclosed in Note 7.

9. RECEIVABLES

		Group 31.12.21 RM	Company 31.12.21 RM	30.6.21 RM
Trade	Note			
	(a)			
Third parties		2,477,467	2,477,467	1,965,790
Related party	(b)	177,571	177,571	668,457
		<u>2,655,038</u>	<u>2,655,038</u>	<u>2,634,247</u>
Non-trade				
Third party		102,727	-	-
Related parties	(b)	497,176	497,176	463,382
Subsidiary	(c)	-	242,727	-
Deposits		467,818	467,818	423,228
Government assistance		-	-	16,800
Prepayments		188,834	188,834	187,031
GST claimable		211	211	211
		<u>1,256,766</u>	<u>1,396,766</u>	<u>1,090,652</u>
		<u>3,911,804</u>	<u>4,051,804</u>	<u>3,724,899</u>

- (a) The trade receivables are non-interest bearing and are generally on 180 days (30.6.21: 180 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) Related parties comprise the following:
 - (i) Crigen Capital Sdn. Bhd. and Crigen Resources Pty. Ltd., companies in which the Directors of the Company have substantial financial interests. The non-trade related amount is unsecured, non-interest bearing and is repayable on demand.
 - (ii) CA Life Science, a company in which the director is a person connected to the Directors of the Company. The amount was unsecured, non-interest bearing and was repayable on demand. Following the acquisition of CA Life Science as disclosed in Note 7, it became a wholly-owned subsidiary of the Company during the current financial period.
- (c) It is unsecured, non-interest bearing and is repayable on demand.

10. SHARE CAPITAL

	Number of ordinary shares with no par value		Amount	
	31.12.21 Unit	30.6.21 Unit	31.12.21 RM	30.6.21 RM
Issued and fully paid:				
Balance at beginning	9,911,776	8,735,772	15,499,996	11,999,999
Issuance	-	1,176,004	-	3,499,997
Balance at end	<u>9,911,776</u>	<u>9,911,776</u>	<u>15,499,996</u>	<u>15,499,996</u>

30.6.21

The Company had increased its ordinary share capital from RM11,999,999 to RM15,499,996 by way of the issuance of:

- (i) 1,016,260 new ordinary shares of RM2.46 each amounting to RM2,500,000 to the parties disclosed in Note 8a as satisfaction of partial consideration sum for purchase of trade secrets pursuant to the Deed of Assignment and supplemental agreement dated 21 January 2021 and 1 February 2021 respectively.
- (ii) 159,744 new ordinary shares of RM6.26 each to the Directors and an existing shareholder amounting to RM999,997 for cash.

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.

11. REDEEMABLE PREFERENCE SHARES

	Group 31.12.21 Unit	Company 31.12.21 RM	30.6.21 RM
Balance at beginning	2,988,000	2,988,000	-
Issuance	-	-	3,000,000
Transaction cost	-	-	(12,000)
Balance at end	<u>2,988,000</u>	<u>2,988,000</u>	<u>2,988,000</u>

On 16 November 2020, the Company issued 30 redeemable preference shares ("RPS") at an issue price of RM100,000 per preference share amounting to RM3,000,000. The transaction cost of RM12,000 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 MFRS 132 Financial Instruments: Presentation.

The salient terms of the RPS are disclosed are as follows:

- (a) The RPS are redeemable two (2) years after the issuance thereof or at the option of the Company for any early redemption.
- (b) 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.

- (c) 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).
- (d) 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.

12. TERM LOANS

	Group 31.12.21 Unit	Company 31.12.21 RM	30.6.21 RM
Repayable within 1 year (current)	83,650	83,650	113,266
Repayable between 1 and 2 years	17,072	17,072	33,920
Repayable between 2 and 5 years	32,361	32,361	40,950
	49,433	49,433	74,870
	133,083	133,083	188,136

(a) Term loan 1

As a measure by Bank Negara Malaysia to relieve the burden on businesses affected by the Covid-19 outbreak, a temporary deferment of loan repayment obligations ("Moratorium") for six months from 1 April 2020 until 30 September 2020 is granted to small and medium enterprises. The Company resumed the instalment payment in October 2020 following the expiry of the Moratorium period.

(b) Term loan 2

The Company had in September 2020, obtained a RM75,000 fixed loan from a licensed bank. The licensed bank has granted a first six months Moratorium from September 2020 to March 2021. The first instalment commenced on the seventh month from the loan drawdown date i.e. April 2021.

The effective interest rates per annum of the term loans at the end of the reporting period range from 3.97% to 6.50% (30.6.21: 3.97% to 6.50%).

The term loans are secured by way of:

- (i) 80% guaranteed by the Government of Malaysia under Government Guarantee Scheme ("GGS Prihatin"); and
- (ii) Joint and several guarantee by the Directors.

13. LEASE LIABILITIES

	Group 31.12.21 RM	Company 31.12.21 RM	30.6.21 RM
Minimum lease payments			
Repayable within 1 year	1,319,541	1,319,541	744,216
Repayable between 1 to 2 years	-	-	456,116
Repayable between 2 to 5 years	-	-	575,440
	<u>1,319,541</u>	<u>1,319,541</u>	<u>1,775,772</u>
Less: Future finance charges	(86,146)	(86,146)	(121,092)
Present value of lease payments	<u>1,233,395</u>	<u>1,233,395</u>	<u>1,654,680</u>

The present values of lease liabilities are analysed as follows:

	Group 31.12.21 RM	Company 31.12.21 RM	30.6.21 RM
Repayable within 1 year (current)	1,233,395	1,233,395	686,357
Repayable between 1 to 2 years	-	-	423,883
Repayable between 2 to 5 years	-	-	544,440
Repayable after 1 year (non-current)	-	-	968,323
	<u>1,233,395</u>	<u>1,233,395</u>	<u>1,654,680</u>

The lease liabilities bear effective interest rates ranging from 2.18% to 4.93% (30.6.21: 2.18% to 4.93%) per annum.

14. DEFERRED TAX LIABILITIES

	Group 31.12.21 RM	Company 31.12.21 RM	30.6.21 RM
Balance at beginning	555,000	555,000	405,000
Recognised in profit or loss	-	-	149,000
	<u>555,000</u>	<u>555,000</u>	<u>554,000</u>
Under provision in prior year	-	-	1,000
Balance at end	<u>555,000</u>	<u>555,000</u>	<u>555,000</u>

The recognised deferred tax liabilities/(assets) before offsetting are as follows:

	Group 31.12.21 RM	Company 31.12.21 RM	30.6.21 RM
Property, plant and equipment	705,000	705,000	705,000
Contract liabilities	(149,000)	(149,000)	(149,000)
Unutilised capital allowances	(1,000)	(1,000)	(1,000)
	<u>555,000</u>	<u>555,000</u>	<u>555,000</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.

The Group and the Company have recognised the deferred tax assets based on the current level of operations and the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

15. PAYABLES

		Group	Company	
		31.12.21	31.12.21	30.6.21
	Note	RM	RM	RM
Trade				
Third parties	(a)	1,566,586	1,566,586	918,777
Non-trade				
Third parties		323,381	320,136	421,711
Related party	(b)	25,526	25,526	25,526
Director	(c)	5,069	5,069	-
Shareholder	(c)	29,852	29,852	39,852
Accruals		342,928	337,028	216,126
		<u>726,756</u>	<u>717,611</u>	<u>703,215</u>
		<u>2,293,342</u>	<u>2,284,197</u>	<u>1,621,992</u>

- (a) The trade payables are non-interest bearing and are normally settled within 30 to 180 days (30.6.21: 30 to 180 days) credit terms.
- (b) Related party refers to EDM Resources Group Sdn. Bhd., a company in which a key management personnel of the Company and a shareholder of the Company have financial interests. It is unsecured, non-interest bearing and is repayable on demand.
- (c) The amounts are unsecured, non-interest bearing and are repayable on demand.

16. CONTRACT LIABILITIES

Contract liabilities relate to the unearned revenue or unexpired packages from the sale of spa, beauty and wellness treatment packages and are recognised on the statements 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.

17. REVENUE

	Group 1.7.21 TO 31.12.21 RM	Company 1.7.21 TO 31.12.21 RM	1.7.20 TO 30.6.21 RM
Contract with customers:			
Spa, beauty treatment and wellness services	1,278,615	1,278,615	2,009,658
Rental of equipment and outlet spaces	327,000	327,000	693,600
Beauty and wellness products	2,529,711	2,529,711	5,475,141
Confinement products and services	180,412	180,412	123,186
	<u>4,315,738</u>	<u>4,315,738</u>	<u>8,301,585</u>
Timing of revenue recognition:			
- Point in time	383,691	383,691	2,344,456
- Over time	3,932,047	3,932,047	5,957,129
	<u>4,315,738</u>	<u>4,315,738</u>	<u>8,301,585</u>

18. OTHER INCOME

	Group 1.7.21 TO 31.12.21 RM	Company 1.7.21 TO 31.12.21 RM	1.7.20 TO 31.6.21 RM
Administrative handling fee	39,000	39,000	72,000
Commission income	-	-	33,874
Consultation fee	117,000	117,000	216,000
Covid-19 related rent concession	133,454	133,454	236,094
Gain on lease modification	-	-	6,518
Government grant	-	-	1,378
Sundry income	-	-	1,200
Training fee	85,800	85,800	158,400
Wage subsidy *	91,200	91,200	114,000
	<u>466,454</u>	<u>466,454</u>	<u>839,464</u>

* Representing government assistance in relation to wage subsidies for eligible employees.

19. PROFIT BEFORE TAX

This is arrived at after charging:

		Group	Company	
		1.7.21	1.7.21	1.7.20
		TO	TO	TO
	Note	31.12.21	31.12.21	31.6.21
		RM	RM	RM
Amortisation of intangible assets		-	-	133,333
Auditors' remuneration:				
- Statutory audit		-	-	35,000
- Non-audit services		10,000	10,000	15,000
Depreciation of property, plant and equipment		625,601	625,601	1,194,502
Depreciation of right-of-use assets		426,392	426,392	839,746
Directors' remuneration	(a)	68,188	68,188	133,093
Employee benefits expense	(b)	936,643	936,643	1,340,892
Interest expense on:				
- Lease liabilities		34,947	34,947	88,554
- Term loans		7,509	7,509	16,300
Property, plant and equipment written off		-	-	7,736

(a) Directors' remuneration

Fees	-	-	99,000
Salary	60,121	60,121	30,000
Contributions to defined contribution plan	7,380	7,380	3,690
Other benefits	687	687	403
	<u>68,188</u>	<u>68,188</u>	<u>133,093</u>

(b) Employee benefits expense

Salary, allowances, wages and commission	839,762	839,762	1,204,257
Contributions to defined contribution plan	84,985	84,985	117,755
Other benefits	11,896	11,896	18,880
	<u>936,643</u>	<u>936,643</u>	<u>1,340,892</u>

20. TAX EXPENSE

	Group	Company	
	1.7.21	1.7.21	1.7.20
	TO	TO	TO
	31.12.21	31.12.21	31.6.21
	RM	RM	RM
Based on results for the financial period/year:			
- Current tax	(46,000)	(46,000)	(229,000)
- Deferred tax relating to the origination and reversal of temporary differences	-	-	(149,000)
	<u>(46,000)</u>	<u>(46,000)</u>	<u>(378,000)</u>
Under provision in prior year			
- Current tax	-	-	(53,677)
- Deferred tax	-	-	(1,000)
	<u>-</u>	<u>-</u>	<u>(54,677)</u>
	<u>(46,000)</u>	<u>(46,000)</u>	<u>(432,677)</u>

The reconciliation of tax expense of the Group and of the Company is as follows:

	1.7.21	1.7.21	1.7.20
	TO	TO	TO
	31.12.21	31.12.21	31.6.21
	RM	RM	RM
Profit before tax	<u>190,082</u>	<u>193,327</u>	<u>463,086</u>
Tax at Malaysian statutory tax rate of 24%	(45,619)	(46,398)	(111,141)
Non-deductible expenses	(381)	398	(266,859)
	<u>(46,000)</u>	<u>(46,000)</u>	<u>(378,000)</u>
Under provision in prior year	-	-	(54,677)
	<u>(46,000)</u>	<u>(46,000)</u>	<u>(432,677)</u>

The Group and the Company have unabsorbed capital allowances estimated at RM5,000 (30.6.21: RM5,000) available for set-off against future taxable profit.

The availability of the capital allowances will be subject to Inland Revenue Board's discretion and approval to offset against future taxable profit.

As announced in the Malaysian Budget 2022, the unutilised tax losses will be allowed to be carried forward for 10 consecutive years of assessment ("YA") (previously 7 YAs) deemed to be effective from YA 2019, whilst the unutilised capital allowances may still be carried forward indefinitely.

21. RELATED PARTY TRANSACTIONS

(a) Identity of related parties

The Group and the Company have related party relationships with their key management personnel and the following parties:

Related party	Relationship
Crigen Capital Sdn. Bhd. ("CCSB") and Crigen Resources Pty. Ltd.	: Companies in which the Directors of the Company have substantial financial interests.
EDM Resources Group Sdn. Bhd. ("EDM")	: A company in which a key management personnel of the Company has financial interest and a shareholder of the Company has deemed interest.
Max Capital Management PLT ("MCM")	: A partnership in which a key management personnel of the Company is a partner.

(b) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company have the following related party transactions during the financial period/year:

	Group 1.7.21 TO 31.12.21 RM	Company 1.7.21 TO 31.12.21 RM	1.7.20 TO 31.6.21 RM
Income/(Expense)			
With CCSB			
- Sale of spa, beauty treatment and wellness packages	2,024,406	2,024,406	5,115,510
- Equipment and outlet spaces rental	327,000	327,000	693,600
- Administrative handling fee	39,000	39,000	72,000
- Training fee	85,800	85,800	158,400
- Consultancy fee	117,000	117,000	216,000
- Commission	-	-	(498,351)
- Telemarketing	-	-	(249,176)
With EDM			
- Commission	-	-	33,874
With MCM			
- Professional fees	-	-	(300,000)

(c) **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 Group and the Company have no other members of key management personnel apart from the board of Directors which compensation has been shown in Note 19a.

22. CAPITAL COMMITMENTS

	Company	
	31.12.21	30.6.21
	RM	RM
Approved and contracted for:		
Property, plant and equipment	-	597,757

23. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Group	Company	
	31.12.21	31.12.21	30.6.21
	RM	RM	RM
Financial assets			
<u>Amortised cost</u>			
Receivables	3,722,759	3,862,759	3,537,657
Cash and bank balances	71,144	71,120	98,854
	<u>3,793,903</u>	<u>3,933,879</u>	<u>3,636,511</u>
Financial liabilities			
<u>Amortised cost</u>			
Redeemable preference shares	2,988,000	2,988,000	2,988,000
Payables	2,293,342	2,284,197	1,621,992
Term loans	133,083	133,083	188,136
Lease liabilities	1,233,395	1,233,395	1,654,680
	<u>6,647,820</u>	<u>6,638,675</u>	<u>6,452,808</u>

Financial risk management objectives and policies

The Group's and the Company's activities are exposed to a variety of financial risks which include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

(a) **Credit risk**

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet their contractual obligations. The Group's and the Company's exposure to credit risk arises principally from their receivables. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit risk is minimised and monitored via strictly limiting the Group's and the Company's associations to business partners with good credit rating.

At the end of each reporting period, the Group and the Company assess whether any of the trade receivables are credit impaired.

There are no significant changes as compared to the previous financial year.

Exposure to credit risk and credit quality

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts as disclosed in the notes to the financial statements.

Credit risk concentration profile

Group

As at the end of the reporting period, the Group has significant concentration of credit risk arising from the amount owing from 1 customer, representing 89% of the trade receivables.

Company

As at the end of the reporting period, Company has significant concentration of credit risk arising from the amount owing from 1 customer (30.6.21: 2 customers), representing 89% (30.6.21: 95%) of the trade receivables.

Recognition and measurement of impairment loss

The Group and the Company have applied the simplified approach in MFRS 9 to measure the loss allowance at lifetime ECLs. The Group and the Company assess impairment of trade receivables on individual basis.

For individual assessment, the trade receivables are determined to be credit impaired if it is in significant financial difficulties and have defaulted on payments for more than a year. Certain customers may have delayed in repayment but are usually collected subsequently without owing more than a year. Furthermore, based on historical data, the Group and the Company do not have any historical loss experience and as such, deemed the ECLs impairment to be negligible.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period:

	Gross RM	Loss allowance RM	Net RM
Group and Company			
31.12.2021			
Neither past due nor impaired	701,821	-	701,821
Past due but not impaired:			
Up to 60 days	784,945	-	784,945
61 to 120 days	67,705	-	67,705
More than 120 days	1,100,567	-	1,100,567
	1,953,217	-	1,953,217
	2,655,038	-	2,655,038
Company			
30.6.2021			
Neither past due nor impaired	2,624,937	-	2,624,937
Past due but not impaired:			
Up to 60 days	9,310	-	9,310
61 to 120 days	-	-	-
More than 120 days	-	-	-
	9,310	-	9,310
	2,634,247	-	2,634,247

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group and the Company. None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial period/year.

Cash at bank

The bank balance is held with a licensed bank. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. The bank has low credit risks. Hence, a loss allowance is not necessary.

Other receivables

Other receivables comprise unsecured advances to related parties including a Director. Generally, the Group and the Company consider these advances to have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when a related party's financial position deteriorates significantly. As the Group and the Company are able to determine the timing of payments of these advances when they are payable, the Group and the Company consider the advances to be in default when the related parties are not able to pay when demanded.

The Group and the Company determine the probability of default for these advances individually using internal information available. As at the end of the reporting period, there were no indications of impairment loss in respect of these advances.

Deposits

Credit risks on deposits mainly arose from refundable deposits paid for rental of properties. These deposits are refundable at the end of the lease terms. The Group and the Company manage the credit risk together with the leasing arrangement. Management has assessed these deposits to have low credit risk and that the expected credit loss is negligible.

Intragroup advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiary and monitors the ability of the subsidiary to repay the advances.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the Company's statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Company considers the advances to its subsidiary to have low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary's advances when they are payable, the Company considers the advances to be in default when the subsidiary is not able to pay when demanded.

The Company determines the probability of default for these advances using internal information available.

As at the end of the reporting period, there were no indications of impairment loss in respect of the advances.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of the Group's and of the Company's future instruments will fluctuate because of change in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing financial liabilities.

Exposure in interest rate risk

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amount as at the end of the reporting period is as follows:

	Group 31.12.21 RM	Company 31.12.21 RM	30.6.21 RM
Fixed rate instruments:			
Financial liabilities	<u>3,167,548</u>	<u>3,167,548</u>	<u>3,230,272</u>
Floating rate instruments:			
Financial liabilities	<u>63,362</u>	<u>63,362</u>	<u>73,142</u>

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial instrument at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rates as of the end of the reporting period, with all other variables held constant:

	Group 1.7.21 TO 31.12.21 RM	Company 1.7.21 TO 31.12.21 RM	1.7.20 TO 30.6.21 RM
Effect on profit for the financial period/year:			
Increase by 25 basis points	(120)	(120)	(139)
Decrease by 25 basis points	<u>120</u>	<u>120</u>	<u>139</u>

(c) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group and the Company's operations and where required, mitigate the effects of fluctuations in cash flows.

The Group and the Company actively manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayments and funding needs are met.

Analysis of financial instruments by remaining contractual maturities

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

	Carrying amount RM	Contractual cash flows RM	---- Contractual cash flows ----		
			Within 1 year RM	1 to 2 years RM	2 to 5 years RM
Group					
31.12.21					
Non-derivative financial liabilities					
Redeemable					
preference shares	2,988,000	3,720,000	3,720,000	-	-
Term loans	133,083	149,629	95,912	19,560	34,157
Lease liabilities	1,233,395	1,319,541	1,319,541	-	-
Payables	2,293,342	2,293,342	2,293,342	-	-
	<u>6,647,820</u>	<u>7,482,512</u>	<u>7,428,795</u>	<u>19,560</u>	<u>34,157</u>

Company**31.12.21****Non-derivative
financial liabilities**

Redeemable					
preference shares	2,988,000	3,720,000	3,720,000	-	-
Term loans	133,083	149,629	95,912	19,560	34,157
Lease liabilities	1,233,395	1,319,541	1,319,541	-	-
Payables	2,284,197	2,284,197	2,284,197	-	-
	<u>6,638,675</u>	<u>7,473,367</u>	<u>7,419,650</u>	<u>19,560</u>	<u>34,157</u>

30.6.21**Non-derivative
financial liabilities**

Redeemable					
preference shares	2,988,000	3,720,000	360,000	3,360,000	-
Term loans	188,136	212,107	125,124	43,130	43,853
Lease liabilities	1,654,680	1,775,772	744,216	456,116	575,440
Payables	1,621,992	1,621,992	1,621,992	-	-
	<u>6,452,808</u>	<u>7,329,871</u>	<u>2,851,332</u>	<u>3,859,246</u>	<u>619,293</u>

24. FAIR VALUE INFORMATION

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.

25. CAPITAL MANAGEMENT

When managing capital, the objectives of the Group are: (a) to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for its shareholders and benefits for other stakeholders, and (b) to provide an adequate return to its shareholders by pricing products and services commensurate with the level of risk.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to its shareholders, return capital to its shareholders, issue new shares, or sell assets to reduce debt. There were no changes in the Company's approach to capital management during the financial period/year under review as compared to previous financial year.

The Group is not subject to any externally imposed capital requirement.

26. SIGNIFICANT EVENTS

Coronavirus ("Covid-19")

During March 2020, the World Health Organization declared the Covid-19 disease outbreak 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 Company remains optimistic about its prospects moving forward, premised on the strength and resilience of the Company's business, despite the challenging market outlook and the uncertainties from the Covid-19 pandemic outbreak. The Company has taken and will continue to take necessary steps to safeguard its financial condition, emphasizing on the liquidity management to meet its continuing financial commitment needs of its business operations.

The Company is unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 30 June 2022 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. The Company will continuously monitor the impact of Covid-19 on its operations and its financial performance.

27. COMPARATIVE FIGURES

There are no comparative figures for the Group's financial statements as this is the first set of financial statements of the Group.