LITECOIN FOUNDATION LTD.
(Company Registration No. 201709179W)
(Incorporated in the Republic of Singapore
as a Company Limited by Guarantee)

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 3 APRIL 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT AND AUDITED FINANCIAL STATEMENTS

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LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

We are pleased to present this statement to the member of the Company together with the audited financial statements for the financial period from 3 April 2017 (date of incorporation) to 30 June 2018.

In our opinion,

(a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Company for the financial period from 3 April 2017 (date of incorporation) to 30 June 2018 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Wang Xinxi	(Appointed on 3 April 2017)
Charles Benjamin Lee	(Appointed on 3 April 2017)
Franklyn Adam Richards	(Appointed on 3 April 2017)
Zing yang Ziying	(Appointed on 10 May 2018)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

The Company is a company limited by guarantee and has no share capital.

SHARE OPTIONS

The Company is limited by guarantee. As such, there is no share option or unissued shares under option.

LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT

AUDITOR

The auditor, Singapore Assurance PAC, has indicated its willingness to accept re-appointment.

On behalf of the Board of Directors

Wang Xinxi

Wang Xinxi
Director

Charles Benjamin Lee
Director

Singapore
02 OCT 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Litecoin Foundation Ltd. (the "Company"), which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 3 April 2017 (date of incorporation) to 30 June 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 30 June 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial period ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (set out on pages 1 and 2), but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Singapore Assurance PAC
11 Irving Place #09-02 Tai Seng Point, Singapore 369551
Tel: (65) 6224 7526 ♦ Email: audit@singassure.com.sg
www.SingAssure.com.sg

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Singapore Assurance PAC
11 Irving Place #09-02 Tai Seng Point, Singapore 369551
Tel: (65) 6224 7526 ♦ Email: audit@singassure.com.sg
www.SingAssure.com.sg

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

Report on the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

SINGAPORE ASSURANCE PAC
Public Accountants and
Chartered Accountants

Singapore
02 OCT 2018

Singapore Assurance PAC
11 Irving Place #09-02 Tai Seng Point, Singapore 369551
Tel: (65) 6224 7526 ♦ Email: audit@singassure.com.sg
www.SingAssure.com.sg

LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 S$
ASSETS		
Non-current assets		
Plant and equipment	(4)	2,574
Intangible assets	(5)	541,702
		544,276
Current assets		
Inventories	(6)	38,310
Other receivables	(7)	14,496
Cash at bank		27,030
		79,836
Total assets		624,112
EQUITY AND LIABILITY		
Reserves		
Retained earnings		470,921
Revaluation reserve		99,554
		570,475
Current liability		
Other payables	(8)	53,637
Total equity and liability		624,112

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

LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 3 APRIL 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

	Note	3/4/2017 (date of incorporation) to 30/06/2018 S$
Revenue	(9)	1,244,277
Cost of sales		(228,611)
Gross profit		1,015,666
Administrative expenses		(248,822)
Other expenses		(295,923)
Profit before income tax	(10)	470,921
Income tax	(11)	-
Profit for the financial period		470,921
Other comprehensive income for the financial period, net of tax		99,554
Total comprehensive income for the financial period		570,475

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

LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM 3 APRIL 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

	Retained earnings S$	Revaluation reserve S$	Total S$
Balance at 3 April 2017 (date of incorporation)	-	-	-
Profit for the financial period	470,921	-	470,921
Gain on revaluation of crypto-assets under reserve fund, representing other comprehensive income for the financial period, net of tax	-	99,554	99,554
Total comprehensive income for the financial period	470,921	99,554	570,475
Balance at 30 June 2018	470,921	99,554	570,475

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

LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 3 APRIL 2017
(DATE OF INCORPORATION) TO 30 JUNE 2018

	3/4/2017 (date of incorporation) to 30/6/2018 S$
Cash flows from operating activities	
Profit before income tax	470,921
Adjustments for:	
Depreciation of plant and equipment	322
Operating profit before working capital changes	471,243
Changes in working capital:	
Inventories	(38,310)
Intangible asset	(178,308)
Other receivables	(14,496)
Other payables	53,637
Net cash from operating activities	293,766
Cash flows from investing activities	
Purchase of plant and equipment	(2,896)
Additions of intangible assets in reserve fund	(263,840)
Net cash used in investing activities	(266,736)
Net increase in cash and cash equivalents	27,030
Cash and cash equivalents at date of incorporation	-
Cash and cash equivalents at end of the financial period	27,030

Note: Cash and cash equivalents at end of the financial period consist of cash at bank.

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

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements were authorised for issue by the Board of Directors on the date of the Directors' Statement.

1. COPORATE INFORMATION

The Company is incorporated and domiciled in the Republic of Singapore.

The address of its registered office is located at 111 North Bridge Road, #08-19 Peninsula Plaza, Singapore 179098.

The principal activities of the Company are those of development, promotion, protection and standardisation of the Litecoin system.

Each member of the Company has undertaken to contribute such amounts not exceeding S$1 to the assets of the Company in the event the Company is wound up and the monies are required for payment of liabilities of the Company. The Company has 3 members at the end of the financial year. The constitution of the Company restricts the use of fund monies to the furtherance of the objects of the Company. They prohibit the payment of dividends to members.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention.

2.3 Functional and presentation currency

The financial statements are presented in Singapore Dollar ("S$"), which is the Company's functional currency. All financial information is presented in Singapore Dollar, unless otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(i) Judgments made in applying accounting policies

<u>*Determination of functional currency*</u>
In determining the functional currency of the Company, judgment is used by the Company to determine the currency of the primary economic environment in which the Company operates. Consideration factors include the currency that (i) mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services; (ii) funds from financing activities are generated; and (iii) receipts from operating activities are usually retained.

(ii) Key sources of estimation uncertainty

<u>*Useful lives of plant and equipment*</u>
The useful life of an item of plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly.

The carrying amount of the Company's plant and equipment as at 30 June 2018 is disclosed in Note 4 to the financial statements.

<u>*Inventory valuation method*</u>
Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made periodically on inventories for excess inventories, obsolescence and declines in net realisable value and an allowance is recorded against the inventory balances for any such declines. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value.

The carrying amount of the Company's inventories as at 30 June 2018 is disclosed in Note 6 to the financial statements.

2. BASIS OF PREPARATION (CONT'D)

(ii) Key sources of estimation uncertainty

Impairment of loans and receivables
The impairment of other receivables is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The carrying amounts of the Company's other receivables as at 31 December 2017 are disclosed in Note 7 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred assets. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise other receivables, and cash and cash equivalents.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Company's cash management are included in cash and cash equivalents.

(ii) Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise other payables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Plant and equipment

(i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

The gain or loss on disposal of an item of plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of plant and equipment, and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of 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 the asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over their estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another assets. Leased assets are depreciated over the shortest of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Plant and equipment (cont'd)

(iii) Depreciation (cont'd)

The estimated useful lives for the current and comparative years are as follows:

Computers	3 years

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

3.3 Intangible assets

Crypto-assets
The Company's intangible assets comprised of crypto-assets.

Crypto-assets are measured initially at cost. The cost of acquiring crypto-assets would typically include the purchase price (after deducting trade discounts and rebates, if any) and the related transaction costs, which could include blockchain processing fees. Where an intangible asset is acquired in exchange for another non-monetary asset, the cost is measured at fair value, unless the transaction lacks commercial substance or the fair value of neither the asset acquired nor the asset given up can be measured reliably. In such instances, the cost of the intangible asset is measured as the carrying amount of the asset given up. Following initial recognition, intangible assets are carried at revalued amount, being its fair value at the date of the revaluation less any accumulated amortisation and any subsequent accumulated impairment losses.

The useful lives of crypto-assets are assessed as indefinite.

Intangible assets with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

If an intangible asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Intangible assets (cont'd)

Crypto-assets (cont'd)
If an intangible asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation reserve.

3.4 Inventories

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

The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

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

3.5 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, and adverse changes in the payment status of borrowers, economic conditions that correlate with defaults. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Company considers evidence of impairment for loans and receivables at a specific asset level. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Loans and receivables (cont'd)

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date 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 related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties.

(i) Donations

Donations are recognised as income upon receipt.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Revenue (cont'd)

(ii) Sales of goods

Revenue from sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.9 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Income tax (cont'd)

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.10 Adoption of new and revised standards

The accounting policies adopted are consistently applied during the financial period. The Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 3 April 2017 (date of incorporation). The adoption of these standards did not have any material effect on the financial statements.

3.11 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 3 April 2017 (date of incorporation), and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards. The Company is currently assessing the potential impact of adopting these standards and interpretations, on the financial statements of the Company. None of these are expected to have a significant effect on the financial statements of the Company.

FRS 115 Revenue from Contracts with Customers effective for annual periods beginning on or after 1 January 2018 replaces FRS 11, FRS 18 and their interpretations (INT FRS 31, 113, 115 and 118). It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five-step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance (e.g., the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract, etc.). The management anticipate that FRS 115 will be adopted in the financial statements when it becomes mandatory and that the application of the new standard might have a significant effect on amounts reported in respect of the revenue. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

4. PLANT AND EQUIPMENT

	Computer S$
Cost	
Balance at 3/4/2017 (date of incorporation)	-
Additions	2,896
Balance at 30/6/2018	2,896
Accumulated Depreciation	
Balance at 3/4/2017 (date of incorporation)	-
Depreciation	322
Balance at 30/6/2018	322
Net Carrying Amount	
Balance at 30/6/2018	2,574

5. INTANGIBLE ASSET

	Crypto-assets S$
Balance at 3/4/2017 (date of incorporation)	-
Additions	541,702
Balance at 30/6/2018	541,702
Represented by:	
- Operating fund	178,308
- Reserve fund	363,394
	541,702

6. INVENTORIES

	2018 S$
Inventories, at cost	38,310

The cost of inventories recognised as expense and included in 'cost of sales' amounted to S$228,611.

7. OTHER RECEIVABLES

	2018 S$
Deposits	2,000
Prepayments	12,496
	14,496

During the financial year, a legal claim by the Company has been made against Inshallah Limited, Litecoin Exchange Ltd, and John Pepin (the "Defendants") for an opposition of trade mark application with a word series mark, namely "LITECOIN" and "litecoin". The Company has particularised its goodwill and reputation in the Litecoin trade name and in the opinion that the Defendants should either surrender or transfer the trade mark application to the Company. As the litigation process is still on going and no verdict has been issued as at report date, we were unable to ascertain the reasonable outcome and the financial impact that it will bring upon to the financial statements of the company.

8. OTHER PAYABLES

	2018 S$
Other payables	5,411
Accruals	15,032
Unearned revenue	33,194
	53,637

9. REVENUE

	3/4/2017 (date of incorporation) to 30/6/2018 S$
Donations	829,149
Sale of goods	415,128
	1,244,277

10. PROFIT BEFORE INCOME TAX

In addition to those expenses disclosed elsewhere in the financial statements, profit before income tax is arrived at after charging the following:

	3/4/2017 (date of incorporation) to 30/6/2018 S$
Depreciation of plant and equipment	322
Directors' fees	3,664
Legal and professional fees	118,049
Loss on investment in business	66,130
Loss on revaluation of crypto-assets under operating fund	193,249
Marketing expenses	22,766
Staff costs:	
- Contributions to defined contribution plans and skills development levy	11,096
- Salaries and related costs	116,013

On 1 May 2018, the Company has entered into a contract, Simple Agreement for Future Equity, with Litepay, Inc (the "Investee") for the right to certain shares of the Investee amounting to US$50,000 (equivalent to S$66,130) (the "Investment"). Subsequent to the payment made, the Investee announced its intention to cease operations due to shortage of funds and there was no return made to the Company as required by the Agreement. As a result of this matter, the Company has filed a legal claim against the Investee to recover the losses. As at report date, the litigation process is still on going and no verdict has been issued which resulted in the written off of the Investment. Due to the uncertainties of the litigation process, we were unable to ascertain the reasonable outcome and the financial impact that it will bring upon to the financial statements of the company.

11. INCOME TAX

The tax expenses on profit before income tax differs from the amount that would arise using the Singapore standard rate of income tax as follows:

	3/4/2017 (date of incorporation) to 30/6/2018 S$
Profit before income tax	470,921

11. INCOME TAX (CONT'D)

	3/4/2017 (date of incorporation) to 30/6/2018 S$
Tax calculated at a tax rate of 17%	80,057
Effects of:	
- Expenses not deductible for tax purposes	30,085
- Income not subject to tax	(140,955)
- Deferred tax assets not recognised	30,813
	-

Subject to the approval from tax authority, the Company has unabsorbed tax losses of S$180,935 available for offsetting against future taxable profits.

Deferred tax assets not recognised
The components of deferred tax assets not recognised are as follows:

	2018 S$
Excess of tax base of qualifying assets over the corresponding net carrying amount	54
Unabsorbed tax losses	30,759
	30,813

The deferred tax assets have not been recognised in the financial statements as it is not probable that the future profits will be available to offset against these deferred tax assets. The realisation of deferred tax benefit arising from the above is available for unlimited period subject to there being no substantial changes in shareholders as required in the provisions of the Singapore Income Tax Act.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has no formal risk management policies and guidelines, which set out its overall business strategies, its tolerance for risk and its general risk management philosophy. It has however established informal processes to monitor and control such risks on a timely and accurate manner. Such policies are monitored and undertaken by the directors.

Risk management is integral to the whole business of the Company. The management continually monitors 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 market conditions and the Company's activities.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

No derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Company does not apply hedge accounting.

The key financial risk include credit risk and liquidity risk. The following provide details regarding the Company's exposure to the risks and the objectives, policies and processes for the management of these risks.

12.1 Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from other receivables, and cash and cash equivalents.

At reporting date, the carrying amounts of other receivables, and cash and cash equivalents represent the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. There was no significant concentration of credit risk.

12.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

To manage liquidity risk, the Company monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and funding facilities from the bank. In assessing the funding facilities, the management reviews its working capital requirements regularly.

The contractual undiscounted cash flows of other payables is equivalent to their carrying amounts and are repayable within one year.

13. FINANCIAL INSTRUMENTS

Fair value
The fair value of financial assets and liabilities is at the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced or liquidation sale.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of other receivables, cash at bank and other payables are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

13. FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments by category

The carrying amounts of financial instruments in each of the following categories are as follows:

	2018 S$
Loans and receivables:	
- Other receivables	2,000
- Cash at bank	27,030
	29,030
Financial liability measured at amortised cost:	
- Other payables	20,443

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(a) To safeguard the Company's ability to continue as a going concern;

(b) To support the Company's stability and growth; and

(c) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows and projected capital expenditures.

The Company monitors capital on the basis of the carrying amount of accumulated fund as presented in the statement of financial position.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

15. SUBSEQUENT EVENTS

In May 2018, TokenPay Swiss AG announced its partnership with WEG Bank in Germany. Under the terms of the previously announced deal, TokenPay Swiss AG acquired 9.9% of the bank along with options to purchase approximately 90% overall of the bank pending the customary regulatory approval.

15. SUBSEQUENT EVENTS (CONT'D)

On 10 July 2018, this 9.9% stake in WEG Bank was transferred to Litecoin Foundation in exchange for Litecoin Foundation's broad and comprehensive marketing and technology service agreement to benefit TokenPay and its related cryptocurrency and business operations.

16. COMPARATIVE FIGURES

There are no comparative figures available as this is the first set of financial statements prepared since its incorporation.

THIS SCHEDULE HAS BEEN PREPARED FOR MANAGEMENT INFORMATION
ONLY AND DOES NOT FORM PART OF THE
AUDITED FINANCIAL STATEMENTS

LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

SUPPLEMENTARY STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD FROM 3 APRIL 2017 (DATE OF INCORPORATION) TO 30 JUNE 2018

	3/4/2017 (date of incorporation) to 30/6/2018 S$
Revenue	
Donations	829,149
Sale of goods	415,128
	1,244,277
Less: Cost of sales	228,611
Gross profit	1,015,666
Less: Administrative expenses	
Directors' fees	3,664
Contributions to defined contribution plans and skills development levy	11,096
Legal and professional fees	118,049
Staff salaries	116,013
	248,822
Less: Other expenses	
Advertising	374
Coinpayments fee	2,776
Conference expense	17
Depreciation of plant and equipment	322
Loss on investment in business	66,130
Inventory losses	390
Loss on revaluation of crypto-assets under operating fund	193,249
Marketing expenses	22,766
Membership fee	250
Publishing expenses	2,284
Software and cloud services	6,602
Wallet development	172
Withholding tax	591
	295,923
Profit before income tax	470,921