

LITECOIN FOUNDATION LTD.

(Company Registration No.: 201709179W)

(Incorporated in the Republic of Singapore as a Company Limited by Guarantee)

**DIRECTORS' STATEMENT AND
AUDITED FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023**

LITECOIN FOUNDATION LTD.
(Incorporated in Republic of Singapore)

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

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

The directors are pleased to present their statement to the members together with the audited financial statements of Litecoin Foundation Ltd. for the financial year ended 30 June 2023.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2023 and the financial performance, changes in equity and cash flows of the Company for the year then ended; 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.

2 DIRECTORS

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

- Austin Alan Gerald
- Charles Benjamin Lee
- Wang Xinxu
- Zing Yang Ziying

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

The Company is a company limited by guarantee and has no share capital. All matters relating to the issue of shares, debentures are thus not applicable.

4 DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES

The Company is a company limited by guarantee and has no share capital. All matters relating to the issue of shares, debentures are thus not applicable.

5 SHARE OPTIONS

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

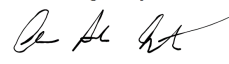
LITECOIN FOUNDATION LTD.
(Incorporated in the Republic of Singapore)

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

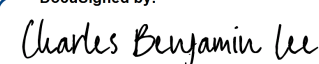
6 AUDITOR

Yong LH Audit PAC, has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

DocuSigned by:

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Austin Alan Gerald
Director

DocuSigned by:

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Charles Benjamin Lee
Director

Singapore,
4 December 2023



YONG LH AUDIT PAC

(Reg no: 202319858M)

9 Cairnhill Road

#14-09 Cairnhill Nine

Singapore 229723

LITECOIN FOUNDATION LTD.

**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Litecoin Foundation Limited (the "Company"), which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial 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 1967 (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 2023 and of the financial performance, changes in equity and cash flows of the Company for the year 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 page 1 to 2.

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.



YONG LH AUDIT PAC

(Reg no: 202319858M)

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LITECOIN FOUNDATION LTD.

**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

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



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LITECOIN FOUNDATION LTD.

**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- 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.

DocuSigned by:
Yang LH Audit PAC
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YONG LH Audit PAC
Public Accountants and
Chartered Accountants

Singapore, 4 December 2023

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

ASSETS	Note	2023 S\$	2022 S\$
Non-current assets			
Plant and equipment	4	-	-
Equity investments	5	419	2,807,930
Intangible assets	6	245,045	368,666
		<u>245,464</u>	<u>3,176,596</u>
Current assets			
Inventories	7	8,222	32,627
Other receivables	8	288,487	23,266
Cash at bank	9	-	172,148
		<u>296,709</u>	<u>228,041</u>
Total assets		<u><u>542,173</u></u>	<u><u>3,404,637</u></u>
EQUITY AND LIABILITIES			
Equity			
Retained earnings		480,027	590,034
Revaluation reserve	10	(394)	-
		<u>479,633</u>	<u>590,034</u>
Non-current liability			
Other payables	11	-	2,807,118
		<u>-</u>	<u>2,807,118</u>
Current liability			
Other payables	11	62,540	7,485
		<u>62,540</u>	<u>7,485</u>
Total liabilities		<u>62,540</u>	<u>2,814,603</u>
Total equity and liabilities		<u><u>542,173</u></u>	<u><u>3,404,637</u></u>

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

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023 S\$	2022 S\$
Revenue	12	291,071	805,269
Cost of sales	13	(176,914)	(9,561)
Gross profit		114,157	795,708
Other income	14	26,309	12,234
Administrative expenses		(488,408)	(433,655)
Other operating expenses		(116,341)	(648,577)
Loss before tax	15	(464,283)	(274,290)
Income tax expense	16	-	-
Loss for the year		(464,283)	(274,290)
Other comprehensive income / (loss) for the year, net of tax			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
- Revaluation of crypto-assets under reserve fund		-	(310,015)
- Revaluation of investment under reserve fund		353,882	-
Total comprehensive loss for the year		(110,401)	(584,305)

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 YEAR ENDED 30 JUNE 2023

	Retained earnings S\$	Revaluation reserve S\$	Total S\$
Balance as at 1 July 2021	864,324	310,015	1,174,339
Loss for the year	(274,290)	-	(274,290)
Loss on revaluation of crypto-assets and equity investment, representing other comprehensive loss for the year, net of tax	-	(310,015)	(310,015)
Total comprehensive loss for the year	(274,290)	(310,015)	(584,305)
Balance at 30 June 2022	590,034	-	590,034
Loss for the year	(464,283)	-	(464,283)
Gain on revaluation of crypto-assets and equity investment, representing other comprehensive income for the year, net of tax	-	353,882	353,882
Transfer upon disposal of investment	354,276	(354,276)	-
Total comprehensive loss for the year	(110,007)	(394)	(110,401)
Balance at 30 June 2023	480,027	(394)	479,633

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 YEAR ENDED 30 JUNE 2023

	Note	2023 S\$	2022 S\$
Cash flows from operating activities			
Loss before tax		(464,283)	(274,290)
Adjustments for:			
Impairment loss of intangible assets	6	148	482,779
Inventories written off	7	23,869	-
Reversal of impairment loss of intangible assets	6	(59,328)	-
Unrealised gain on foreign exchange	14	(221)	-
Operating (loss)/ income before working capital changes		(499,815)	208,489
Change in working capital:			
Inventories		536	1,527
Intangible assets		182,800	(298,230)
Other receivables		(265,000)	(16,991)
Other payables		55,055	(58,483)
Cash flow used in operations		(26,609)	(372,177)
<i>Net cash flows used in operating activities</i>		<i>(526,424)</i>	<i>(163,688)</i>
Cash flows from investing activities			
Addition of equity investment		-	5,587
Proceeds from sale of investment		354,276	-
<i>Net cash flows generated from investing activities</i>		<i>354,276</i>	<i>5,587</i>
Net decrease in cash and cash equivalent		(172,148)	(158,101)
Cash and cash equivalents at beginning of financial year		172,148	330,249
Cash and cash equivalents at end of financial year	9	-	172,148

Note: Cash and cash equivalents at end of the financial year comprise cash at bank.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

1 GENERAL

Litecoin Foundation Ltd. (the “Company”) is incorporated and domiciled in the Republic of Singapore.

The address of its registered office is located at 111 North Bridge Road, #08-11 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 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

2.1 Use of estimates and judgments

The preparation of the Company’s financial statements requires management to make judgements, 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) *Judgements made in applying accounting policies*

Determination of functional currency

In determining the functional currency of the Company, judgement 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

2.1 Use of estimates and judgments (cont'd)

(i) *Judgements made in applying accounting policies (cont'd)*

Classification of Digital Assets as Intangible Assets

Classifying digital assets as intangible assets in the financial statements is a significant judgment. This is due to the absence of explicit accounting standards concerning digital assets. Digital assets do not meet the definition of a financial instrument as they do not represent a contractual obligation that leads to another financial asset. Furthermore, the digital assets which are held for long-term investment purpose do not meet the definition of inventory as the assets are not held for sale in the ordinary course of business.

(ii) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of intangible assets

Intangible assets are reviewed for impairment whenever there is an indication that these assets may be impaired. The Company considers the guidance of FRS 36 in assessing whether there is any indication that an item of the above assets may be impaired. This assessment requires significant judgement.

If any such indicator exists, the recoverable amount of the asset is estimated to ascertain the amount of impairment loss. The recoverability amount is defined as the higher of the fair value cost to sell and value-in-use. In determining the value-in-use of assets, the Company applies a discounted cash flow model where the future cash flows derived from such assets are discounted at an appropriate rate. Forecasts of future cash flow are estimated based on financial budgets and forecasts approved by the management.

The carrying amount of the Company's intangible assets as at 30 June 2023 and 2022 are disclosed in Note 6.

LITECOIN FOUNDATION LTD.**(Incorporated in the Republic of Singapore)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**3.1 Basis of preparation**

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

3.2 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.3 Financial instruments**(i) Initial recognition and measurement****Non-derivative financial assets and financial liabilities**

Trade and other receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

LITECOIN FOUNDATION LTD.**(Incorporated in the Republic of Singapore)****NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023**

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.3 Financial instruments (Cont'd)****(ii) *Classification and subsequent measurement*****Non-derivative financial assets**

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its 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 in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is 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.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets (cont'd)

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) *Classification and subsequent measurement (cont'd)*

Non-derivative financial assets (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently 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.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They 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. These financial liabilities comprised other payables.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(iii) *Derecognition*

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) *Offsetting*

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

3.4 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, 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 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 is 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 shorter 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.

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

Computer:	3 years
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Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 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.

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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 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.

3.8 Impairment

(i) *Non-derivative financial assets and contract assets*

The Company recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised costs;
- equity investments measured at FVOCI;
- contract assets (as defined in FRS115); and
- intra-group financial guarantee contracts (FGC).

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

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

Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Company applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses 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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

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

General approach (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers 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 Company's historical experience and informed credit assessment and includes forward-looking information.

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 increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held).

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

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

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and equity investments at FVOCI are 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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(i) *Non-derivative financial assets and contract assets (cont'd)*

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For equity investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognized.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines 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 Company's procedures for recovery of amounts due.

(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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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.

3.9 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.

3.10 Revenue

(i) Sales of goods and rendering of services

Revenue from sale of goods and services in the ordinary course of business is recognised when the Company satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Revenue (cont'd)

(i) Sales of goods and rendering of services (cont'd)

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Revenue from sales of goods

Revenue from sales of goods are measured at the fair value of the consideration received or receivables which is usually the invoice price, net of returns and allowances, trade discounts and volume rebate given to customers. Sales of goods is recognised at point in time upon the transfer of significant risks and rewards of ownership of the goods to the customers which generally coincides with delivery and acceptance of the goods sold.

(ii) Donations

Donations are recognised as income upon receipt.

(iii) Ticket sales

Ticket sales from organising the event is recognised at point in time upon the ticket is redemption and the event is complete.

3.11 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 OCI.

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.

Current tax assets and liabilities are offset only if certain criteria are met.

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 or 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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Income tax (cont'd)

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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

3.12 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 July 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 <i>Presentation of Financial Statements</i> and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12 <i>Income Taxes</i> : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Non-current Liabilities with Covenants	1 January 2024

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

4 PLANT AND EQUIPMENT

	Computer S\$
Cost	
Balance at 1/7/2021, 30/6/2022, 1/7/2022 and 30/6/2023	<u>2,896</u>
Accumulated depreciation	
Balance at 1/7/2021, 30/6/2022, 1/7/2022 and 30/6/2023	<u>2,896</u>
Net carrying amount	
Balance at 30/6/2022	<u>-</u>
Balance at 30/6/2023	<u>-</u>

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5 EQUITY INVESTMENTS

The Company designated the equity investments as at FVOCI because these equity investments represent investments that the Company intends to hold for long-term for strategic purposes.

	2023 S\$	2022 S\$
<u>Unquoted equity shares outside Singapore, at cost</u>		
Balance at beginning of the financial year	2,807,118	2,807,118
Disposal	(2,807,118)	-
Balance at end of the financial year	-	2,807,118
<u>Quoted equity shares outside Singapore, at fair value</u>		
Balance at beginning of the financial year	812	6,399
Disposal	-	(3,506)
Fair value changes	(393)	(2,081)
Balance at end of the financial year	419	812
Total equity investments	419	2,807,930

On 28 June 2018, TokenPay Swiss AG announced its partnership with WEG Bank in Germany. Under the terms of the announced deal, TokenPay Swiss AG acquired 100% of the shares of WEG Bank and sell 9.9% stake of WEG Bank to the Company. In return, Litecoin need to provide services to WEG Bank in fulfilling Litecoins obligation. The services shall be provided within 1 year after signing of the agreement.

During the financial year, the Company has disposed of all the shares of WEG Bank for consideration of S\$354,276. A gain on sale of investment of S\$354,276 was recognised in other comprehensive income and was transferred to retained earnings upon disposal.

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6 INTANGIBLE ASSETS

	Crypto-assets S\$
Balance at 1/7/2021	863,230
Net disposals	(494,564)
Balance at 30/6/2022 and 1/7/2022	368,666
Net disposals	(123,621)
Balance at 30/6/2023	245,045

During the financial year ended 30 June 2023 and 2022, an impairment loss of S\$148 (2022: S\$482,779) was recognised as “Impairment loss of intangible assets” to write down the carrying amount of the crypto-assets in Note 14. The impairment loss incurred during the financial year ended 2023 relates to the liquidation of a counterparty that held the crypto-assets, on behalf of the Company.

During the financial year ended 30 June 2023 and 2022, a reversal of impairment loss of S\$59,328 (2022: Nil) was recognised as “Reversal of impairment loss of intangible assets” to write back the carrying amount of the crypto-assets in Note 14.

7 INVENTORIES

	2023 S\$	2022 S\$
Inventories, at cost	8,222	32,627

The cost of inventories recognised as expense and included in ‘cost of sales’ amounted to S\$3,029 (2022: S\$9,561) was recognised in Note 12.

During the financial year ended 30 June 2023, an impairment loss of S\$23,869 (2022: Nil) was recognised as “inventories written off” at Note 14.

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8 OTHER RECEIVABLES

	2023 S\$	2022 S\$
Deposits	275	16,776
Other receivables	219,947	6,490
Amount due from a director	68,265	-
	288,487	23,266

The other receivables and the amount due from a director are unsecured, interest free and repayable on demand.

The carrying amounts of other receivables, deposits and amounts due from a director at reporting date approximate their fair values.

9 CASH AND CASH EQUIVALENTS

	2023 S\$	2022 S\$
Cash at bank	-	172,148

10 REVALUATION RESERVE

	2023 S\$	2022 S\$
Composition:		
Fair value reserve	(394)	-
Movement:		
Fair value reserve		
Beginning of the financial year	-	310,015
Fair value changes	353,882	(310,015)
Transfer to retained profits upon disposal of equity investment in financial assets at FVOCI	(354,276)	-
End of financial year	(394)	-

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11 OTHER PAYABLES

	2023 S\$	2022 S\$
Non-current		
Unrendered services	-	2,807,118
Current		
Other payables	42,790	485
Accruals	19,750	7,000
	62,540	7,485

The Company owned 9.9% stake of WEG Bank and in return, the Company was required to provide services to WEG Bank in fulfilling the Company's obligation. During the financial year, the Company has disposed of all the shares of WEG Bank and discharged all the obligations and liabilities.

The other payables are unsecured, interest free and repayable on demand.

The carrying amounts of other payables and accruals at reporting date approximate their fair values.

12 REVENUE

Timing of transfer	At a point in time	
	2023 S\$	2022 S\$
Donations	171,553	719,756
Sale of goods	51,372	85,513
Ticket sales	68,146	-
	291,071	805,269

13 COST OF SALES

	2023 S\$	2022 S\$
Cost of goods	3,029	7,904
Conference	173,407	1,657
Others	478	-
	176,914	9,561

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14 OTHER INCOME

	2023 S\$	2022 S\$
Advertising income	-	1,985
Interest income	-	2,239
Foreign exchange gain	21,531	8,010
Unrealised foreign exchange gain	221	-
Realised gain on sales of intangible assets	4,557	-
	<u>26,309</u>	<u>12,234</u>

15 LOSS BEFORE TAX

In addition to those expenses disclosed elsewhere in the financial statements, loss before income tax is arrived at after charging / (crediting) the following:

	2023 S\$	2022 S\$
Director's remuneration	81,842	54,677
Directors' fees	20,880	-
Impairment loss of intangible assets (Note 6)	148	482,779
Inventories written off (Note 7)	23,869	-
Legal and professional fees	16,877	17,196
Realised loss on sales of intangible assets	-	8,677
Reversal of impairment loss of intangible assets (Note 6)	(59,328)	-
Contractors' fee	<u>484,179</u>	<u>487,452</u>

16 INCOME TAX

	2023 S\$	2022 S\$
Current income tax	<u>-</u>	<u>-</u>

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16 INCOME TAX (CONT'D)

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial year ended 30 June 2023 and 2022 were as follows:

	2023 S\$	2022 S\$
Loss before tax	(464,283)	(274,290)
Tax calculated at a tax rate of 17% (2022: 17%)	(78,928)	(46,629)
Tax effect of:		
Expenses not deductible for tax purposes	5,474	84,963
Income not subject to tax	(39,287)	(122,359)
Deferred tax assets not recognised	112,741	84,025
	-	-

At the end of the reporting period, the Company has tax losses of approximately S\$663,184 (2022: S\$538,866) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred income tax asset was recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred tax assets not recognised

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

	2023 S\$	2022 S\$
Excess of tax base of qualifying assets over the corresponding net carrying amount	492	492
Unabsorbed tax losses	266,671	153,930
	267,163	154,422

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.

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17 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.

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 risks include foreign currency risk, credit risk, fair value measurement, crypto-asset 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.

17.1 Foreign currency risk

The Company's foreign currency exposures arise mainly from the exchange rate movements against the Singapore Dollar. There is no formal hedging policy with respect to foreign exchange exposure. Exposure to currency risk is monitored on an ongoing basis and the Company endeavours to keep the net exposure at an acceptable level.

The Company incurs foreign currency risk that are denominated in currencies other than Singapore Dollar.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily United States Dollar (USD).

Exposure to currency risk

The Company's exposures to currency risk at the reporting date are as follows:

	2023	2022
	USD	USD
	S\$	S\$
Other receivables	274,564	-
Cash and bank balance	-	172,112
	<u>274,564</u>	<u>172,112</u>

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17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

17.1 Foreign currency risk (cont'd)

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the currencies stated below, with all other variables being held constant, the effects arising from the net financial asset/liability position in the statement of comprehensive income will be as follows:

	Profit or loss (after tax)	
	2023	2022
	S\$	S\$
USD	22,789	14,285

17.2 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 equivalent.

At the 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.

17.3 Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company finances its working capital requirements through equity and funds from related company. The directors are satisfied that funds are available to finance the operations of the Company.

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17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

17.3 Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligation.

	Carrying amount S\$	Contractual cash flow S\$	One year or less S\$	More than 1 year S\$
2023				
FINANCIAL ASSETS				
Equity investments	419	419	-	419
Other receivables	288,487	288,487	288,487	-
Total undiscounted financial assets	288,906	288,906	288,487	419
FINANCIAL LIABILITIES				
Other payables	62,540	62,540	62,540	-
Total undiscounted financial liabilities	62,540	62,540	62,540	-
TOTAL NET UNDISCOUNTED FINANCIAL ASSETS	226,366	226,366	225,947	419

	Carrying amount S\$	Contractual cash flow S\$	One year or less S\$	More than 1 year
2022				
FINANCIAL ASSETS				
Equity investments	2,807,930	2,807,930	-	2,807,930
Other receivables	23,266	23,266	23,266	-
Cash and bank balance	172,148	172,148	172,148	-
Total undiscounted financial assets	3,003,344	3,003,344	195,414	2,807,930
FINANCIAL LIABILITIES				
Other payables	7,485	7,485	7,485	-
Total undiscounted financial liabilities	7,485	7,485	7,485	-
TOTAL NET UNDISCOUNTED FINANCIAL ASSETS	2,995,859	2,995,859	187,929	2,807,930

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17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

17.4 Fair value measurement

Fair value hierarchy

The Company categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can assess 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, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the reporting date:

	2023			
	Quoted prices in active market for identical instruments (Level 1) S\$	Significant observable input other than quoted prices (Level 2) S\$	Significant unobservable inputs (Level 3) S\$	Total S\$
Equity investments	419	-	-	419
Intangible assets	245,045	-	-	245,045
	<u>245,464</u>	<u>-</u>	<u>-</u>	<u>245,464</u>

	2022			
	Quoted prices in active market for identical instruments (Level 1) S\$	Significant observable input other than quoted prices (Level 2) S\$	Significant unobservable inputs (Level 3) S\$	Total S\$
Equity investments	812	-	2,807,118	2,807,930
Intangible assets	368,666	-	-	368,666
	<u>369,478</u>	<u>-</u>	<u>2,807,118</u>	<u>3,176,596</u>

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17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

17.4 Fair value measurement (cont'd)

The fair values of the intangible assets are determined by the market value of the cryptocurrencies as at 30 June 2023 and 30 June 2022.

The following table presents the changes in Level 3 instruments:

	Equity Investments – Unquoted Shares	
	<u>2023</u>	<u>2022</u>
	S\$	S\$
Beginning of financial year	2,807,118	2,807,118
Disposal	(2,807,118)	-
End of financial year	-	2,807,118

Assets and liabilities not measured at 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.

17.5 Crypto asset risk

Crypto assets are measured at fair value. The crypto assets are exposed to the risk that the value of the cryptocurrencies will fluctuate as a result of changes in market prices. As a result, the Company may not be able to liquidate its cryptocurrencies at its desired price.

The holding of cryptocurrencies is speculative, the prices are volatile, and market movements are difficult to predict. Crypto assets prices change rapidly and are affected by various forces including global supply and demand, interest rates, exchanges rates, inflation or deflation, regulation, and the political and economic conditions. Historical performance of cryptocurrencies is not indicative of their future performance as the fair values of cryptocurrencies have historically been volatile. Furthermore, the cryptocurrencies have no underlying backing or contracts to enforce recovery of the initial acquisition costs.

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18 FINANCIAL INSTRUMENTS

Financial instruments by category

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

	2023 S\$	2022 S\$
Financial assets measured at FVOCI:		
- Equity instruments	419	2,807,930
Financial assets measured at amortised cost		
- Other receivables	288,487	23,266
- Cash at bank	-	172,148
	288,487	195,414
Financial liability measured at amortised cost		
- Other payables	62,540	7,485

19 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.

20 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2023 were authorised for issue in accordance with a resolution of the Board of Director of the Company on the date of the directors' statement.