

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 2022**

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 2022

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 2022.

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 2022 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:

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

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 2022

6 AUDITOR

TN Audit Services LLP, has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

DocuSigned by:
Austin Alan Gerald
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Austin Alan Gerald
Director

DocuSigned by:
Charles Benjamin Lee
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Charles Benjamin Lee
Director

Singapore,
11 November 2022

LITECOIN FOUNDATION LTD.**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LITECOIN FOUNDATION LTD.**Report on the Audit of the Financial Statements****Qualified Opinion**

We have audited the financial statements of Litecoin Foundation Ltd. (the “Company”), which comprise the statement of financial position as at 30 June 2022, 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, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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 2022 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Qualified Opinion*Financial Assets*

As at 30 June 2022, there were financial assets – equity investments amounted to S\$2,807,118 (note 5) which had not been adjusted for fair value changes as require by *FRS 109 - Financial Instruments*. We were unable to obtain sufficient and appropriate audit evidence to ascertain the fair value of the investments and its corresponding other payables – unrendered revenue (note 10) as there were no alternative audit procedures that could be performed to ensure that the carrying amounts have been properly stated. It is impracticable to quantify the omitted information.

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 Director’s 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.

LITECOIN FOUNDATION LTD.**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

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.
- 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.

LITECOIN FOUNDATION LTD.

**INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

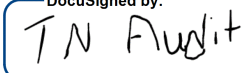
Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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:

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TN AUDIT SERVICES LLP
Public Accountants and
Chartered Accountants

Singapore, 11 November 2022

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

ASSETS	Note	2022 S\$	2021 S\$
Non-current assets			
Plant and equipment	4	-	-
Equity investments	5	2,807,930	2,813,517
Intangible assets	6	368,666	863,230
		<u>3,176,596</u>	<u>3,676,747</u>
Current assets			
Inventories	7	32,627	34,154
Other receivables	8	23,266	6,275
Cash at bank	9	172,148	330,249
		<u>228,041</u>	<u>370,678</u>
Total assets		<u><u>3,404,637</u></u>	<u><u>4,047,425</u></u>
EQUITY AND LIABILITY			
Equity			
Retained earnings		590,034	864,324
Revaluation reserve		-	310,015
		<u>590,034</u>	<u>1,174,339</u>
Non-current liability			
Other payables	10	2,807,118	2,807,118
Current liability			
Other payables	10	7,485	65,968
Total equity and liability		<u><u>3,404,637</u></u>	<u><u>4,047,425</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 2022

	Note	2022 S\$	2021 S\$
Revenue	11	805,269	695,924
Cost of Sales		(9,561)	(97,105)
Gross profit		795,708	598,819
Other income	12	12,234	429,837
Administrative expenses		(433,655)	(403,359)
Other operating expenses		(648,577)	(51,901)
(Loss)/Profit before tax	13	(274,290)	573,396
Income tax expense	14	-	-
(Loss)/Profit for the year		(274,290)	573,396
Other comprehensive income 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)	315,478
Total comprehensive (loss)/income for the year		(584,305)	888,874

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 2022

	Retained earnings S\$	Revaluation reserve S\$	Total S\$
Balance as at 1 July 2020	290,928	(5,463)	285,465
Profit for the year	573,396	-	573,396
Gain on revaluation of crypto-assets and equity investment, representing other comprehensive income for the year, net of tax	-	315,478	315,478
Total comprehensive income for the year	573,396	315,478	888,874
Balance at 30 June 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

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 2022

	Note	2022 S\$	2021 S\$
Cash flows from operating activities			
(Loss)/Profit before tax		(274,290)	573,396
Adjustments for:			
Depreciation of property, plant and equipment	4	-	643
Operating profit before working capital changes		(274,290)	574,039
Change in working capital:			
Inventories		1,527	85,384
Intangible assets		184,549	(342,389)
Other receivables		(16,991)	(4,409)
Other payables		(58,483)	20,187
Cash flow generated from/(used in) operations		110,602	(241,227)
<i>Net cash flows (used in)/generated from operating activities</i>		<u>(163,688)</u>	<u>332,812</u>
Cash flows from investing activity			
Addition of equity investment		5,587	(6,399)
<i>Net cash flows generated from/(used in) investing activity</i>		<u>5,587</u>	<u>(6,399)</u>
Net (decrease)/increase in cash and cash equivalent		(158,101)	326,413
Cash and cash equivalents at beginning of financial year		330,249	3,836
Cash and cash equivalents at end of financial year	9	<u>172,148</u>	<u>330,249</u>

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 FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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 4 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 (CONT'D)

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 FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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)*

Accounting policy for crypto-assets

Management notes that the topic of and the accounting for crypto-assets continues to be considered by the International Accounting Standards Board (IASB) and continues to monitors new comments and interpretations released by the Board and other standard setters from around the world.

In line with this, the Company considers that any crypto-assets that does not fall under the inventory or financial asset methodology and meet the recognition criteria (identifiable, controllable and capable of generation future economic benefits) are considered to intangible assets. The Company's crypto-assets are initially recorded at cost. Subsequently, they 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.

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.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

(i) Initial recognition and measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments 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.

(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) - debt investment; 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.

Debt investments at FVOCI

A debt investment is measured at FVOCI 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 achieved by both collecting contractual cash flows and selling financial assets; 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.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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)

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.

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 FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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.

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.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to 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.

(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.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(iii) *Derecognition (cont'd)*

Financial assets (cont'd)

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.
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NOTES TO FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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;
- debt 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 debt 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 debt 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 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.

3.10 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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 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.

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.

(i) Donations

Donations are recognised as income upon receipt.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 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.

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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 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 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

3.14 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
Amendment to FRS 116 <i>Leases</i> : Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 16 <i>Property, Plant and Equipment</i> : Proceeds before Intended Use	1 January 2022
Amendments to FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> : Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements</i> : Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 <i>Presentation of Financial Statements</i> and FRS Practice Statement 2: Disclosure of Accounting Policies	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 110 <i>Consolidated Financial Statements</i> and FRS 28 <i>Investments in Associates and Joint Ventures</i> : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

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.

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4 PLANT AND EQUIPMENT

	Computer S\$
Cost	
Balance at 1/7/2020, 30/6/2021 and 30/6/2022	2,896
Accumulated depreciation	
Balance at 1/7/2020	2,253
Depreciation	643
Balance at 30/6/2021 and 30/6/2022	2,896
Net carrying amount	
Balance at 30/6/2021	-
Balance at 30/6/2022	-

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.

	2022 S\$	2021 S\$
<u>Unquoted equity shares outside Singapore, at cost</u>		
Balance at beginning and end of the financial year	2,807,118	2,807,118
<u>Quoted equity shares outside Singapore, at fair value</u>		
Balance at beginning of the financial year	6,399	-
(Disposal)/Addition	(3,506)	6,422
Fair value changes	(2,081)	(23)
	812	6,399

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.

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6 INTANGIBLE ASSETS

	Crypto-assets S\$
Balance at 1/7/2020	205,363
Net addition	657,867
Balance at 30/6/2021	863,230
Net disposals	(494,564)
Balance at 30/6/2022	368,666

7 INVENTORIES

	2022 S\$	2021 S\$
Inventories, at cost	32,627	34,154

The cost of inventories recognised as expense and included in ‘cost of sales’ amounted to S\$9,561 (2021: S\$97,105).

8 OTHER RECEIVABLES

	2022 S\$	2021 S\$
Deposits	16,776	275
Other receivables	6,490	6,000
	23,266	6,275

9 CASH AND CASH EQUIVALENTS

	2022 S\$	2021 S\$
Cash at bank	172,148	330,249

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10 OTHER PAYABLES

		2022 S\$	2021 S\$
Non-current			
Unrendered services	(1)	2,807,118	2,807,118
Current			
Other payables		485	39,848
Accruals		7,000	26,120
		7,485	65,968

(1) The Company owns 9.9% stake of WEG Bank and in return, the Company need to provide services to WEG Bank in fulfilling the Company's obligation.

11 REVENUE

		At a point in time 2022 S\$	2021 S\$
Timing of transfer			
Donations		719,756	148,699
Sale of goods		85,513	547,225
		805,269	695,924

12 OTHER INCOME

		2022 S\$	2021 S\$
Advertising income		1,985	672
Development income		-	26,410
Interest income		2,239	752
Foreign exchange gain		8,010	353,880
Trading gain		-	48,123
		12,234	429,837

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13 (LOSS)/PROFIT BEFORE TAX

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

	2022 S\$	2021 S\$
Depreciation of plant and equipment	-	643
Directors' fees	-	10,080
Legal and professional fees	17,196	74,626
Revaluation loss of crypto-assets	8,677	4,570
Impairment loss of intangible assets	482,779	-
Salaries and related costs	206,809	140,424

14 INCOME TAX

	2022 S\$	2021 S\$
Current income tax	-	-

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 2022 and 2021 were as follows:

	2022 S\$	2021 S\$
(Loss)/Profit before tax	(274,290)	573,396
Tax calculated at a tax rate of 17% (2020: 17%)	(46,629)	97,477
Tax effect of:		
Utilisation of deferred tax assets	46,629	(97,477)
	-	-

Subject to the approval from tax authority, the Company has unabsorbed tax losses of S\$538,866 (2021: S\$264,576) available for offsetting against future taxable profits.

Deferred tax assets not recognised

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

	2022 S\$	2021 S\$
Excess of tax base of qualifying assets over the corresponding net carrying amount	492	492
Unabsorbed tax losses	91,607	44,978
	92,099	45,470

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14 INCOME TAX (CONT'D)

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.

15 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.

15.1 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.

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

15.1 Foreign currency risk

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 Litecoin (LTC), Bitcoin (BTC) and United States Dollar (USD).

Exposure to currency risk

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

	LTC	<u>2022</u>	USD
	S\$	BTC	S\$
Intangible assets	130,448	237,936	-
Cash and bank balance	-	-	172,112
	<u>130,448</u>	<u>237,936</u>	<u>172,112</u>
NET EXPOSURES	<u>130,448</u>	<u>237,936</u>	<u>172,112</u>

	LTC	<u>2021</u>	USD
	S\$	BTC	S\$
Intangible assets	489,881	373,349	-
Cash and bank balance	-	-	330,249
	<u>489,881</u>	<u>373,349</u>	<u>330,249</u>
NET EXPOSURES	<u>489,881</u>	<u>373,349</u>	<u>330,249</u>

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)	
	<u>2022</u>	<u>2021</u>
	S\$	S\$
LTC	10,827	40,660
BTC	19,749	30,988
USD	<u>14,285</u>	<u>27,411</u>

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

15.2 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 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.

15.3 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.

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\$
<u>2022</u>			
FINANCIAL ASSETS			
Equity investments	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
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

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

15.3 Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	Carrying amount	Contractual cash flow	One year or less
	S\$	S\$	S\$
<u>2021</u>			
FINANCIAL ASSETS			
Equity investments	2,813,517	2,813,517	-
Other receivables	6,275	6,275	6,275
Cash and bank balance	330,249	330,249	330,249
Total undiscounted financial assets	3,150,041	3,150,041	336,524
FINANCIAL LIABILITIES			
Other payables	65,968	65,968	65,968
Total undiscounted financial liabilities	65,968	65,968	65,968
TOTAL NET UNDISCOUNTED FINANCIAL ASSETS	3,084,073	3,084,073	270,556

15.4 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.

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

15.4 Fair value measurement (cont'd)

Assets measured at fair value

The carrying amount of financial assets and financial liabilities with a maturity of less than one year is assumed to approximate their fair values:

	2022 S\$	2021 S\$
Intangible assets	368,666	863,230

The fair values of the intangible assets are determined by the market value of the cryptocurrencies as at 30 June 2022 and 30 June 2021. The fair values are within Level 1 of the fair value hierarchy.

Assets 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.

15.5 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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16 FINANCIAL INSTRUMENTS

Financial instruments by category

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

	2022 S\$	2021 S\$
Financial assets measured at fair value:		
- Equity instruments	2,807,930	2,813,517
Financial assets measured at amortised cost		
- Other receivables	23,266	6,275
- Cash at bank	172,148	330,249
	195,414	336,524
Financial liability measured at amortised cost		
- Other payables	7,485	65,968

17 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.

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18 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Board of Director of the Company on the date of the directors' statement.