Company Registration No. 198303419G

IEL Ltd.
(Formerly known as Informatics Education Ltd.)

Financial Statements
30 June 2023

IEL Ltd.
(Formerly known as Informatics Education Ltd.)

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The directors are pleased to present their statement to the members together with the audited financial statements of IEL Ltd. (formerly known as Informatics Education Ltd.) (the "Company”) for the financial year ended 30 June 2023.

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 financial year ended on that date; 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, as its penultimate holding company has agreed to provide continuing financial support to the Company.

Directors

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

Mr Cheong Tuck Kong	(Appointed on 17 May 2023)
Mr Ng Chee Yau	(Appointed on 17 May 2023)

Arrangements to enable directors to acquire shares or debenture

Neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debenture of the Company or any other body corporate.

Directors' interests in shares and debenture

No director who held office at the end of the financial year, had, according to the register of directors’ shareholdings required to be kept under section 164 of the Companies Act 1967 of Singapore, interests in shares, debentures, warrants and share options of the Company, or of its related corporations, either at the beginning, date of appointment if later, or at the end of the financial year.

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

Mr Cheong Tuck Kong
Director

Mr Ng Chee Yau
Director

15 January 2024

Independent auditor's report to the members of IEL Ltd. (formerly known as Informatics Education Ltd.)

Report on the audit of the financial statements

Qualified Opinion

We have audited the financial statements of IEL Ltd. (formerly known as Informatics Education Ltd.) (the "Company"), which comprise the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company 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 discussed 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 Singapore Financial Reporting Standards (International) (SFRS(I)) 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 then ended.

Basis for Qualified Opinion

As disclosed in Note 14 to the financial statements, on 1 April 2023, the Company disposed its subsidiaries classified as assets held for sale and recognised a loss on disposal of $783,861. As further disclosed in that note, the Company did not perform an impairment assessment on the carrying amounts of the assets immediately before the initial classification of the assets held for sale in prior financial year in accordance with SFRS(I) 1-36, Impairment of Assets, and upon initial classification of the assets held for sale, the Company did not perform a fair value assessment on these assets in accordance with SFRS (I) 5, Non-current Assets Held for Sale and Discontinued Operations. Our opinion on the financial statements of the Company for the prior year was modified partly due to non-compliance with SFRS(I) 1-36 and SFRS (I) 5.

The loss on disposal of assets held for sale was calculated based on the difference between the sales proceed and the carrying amounts of the assets as at the disposal date. The carrying amount of these assets could be lower had the Company accounted for these assets in accordance with SFRS(I) 1-36 and SFRS(I) 5 in the prior financial year, which in turn impacted the determination on the gain or loss on disposal of these assets in the current financial year. Based on the information available to us, we were unable to satisfy ourselves whether the loss on disposal of assets held for sale of $783,861 recognised in the current financial year is appropriate.

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 qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 2 of the financial statements. The Company recorded net cash outflows of $214,605 from its operating activities for the financial year ended 30 June 2023 and as at that date, the Company has net current liabilities and net liabilities of $92,994 respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as going concern. Notwithstanding the above, the financial statements of the Company are prepared on a going concern basis as the Company received letter of financial support from its penultimate holding company, Berjaya Land Berhad, to provide continuing financial support to the Company to enable it to continue its operations and meet its liabilities as and when they fall due.

If the Company are unable to continue operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situations that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for other information. The other information comprises the Directors' statement. It does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. The directors' statement states that the financial statements of the Company are drawn up to 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 financial year ended on that date. However, as described in the *Basis for Qualified Opinion* section of our report, we have expressed an qualified opinion on the financial statements for the reason described in that section.

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 SFRS(I), 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.

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, except for the effects of the matter described in the *Basis for Qualified Opinion* section, 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.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

15 January 2024

IEL Ltd.
(Formerly known as Informatics Education Ltd.)

Statement of comprehensive income
For the financial year ended 30 June 2023

(In Singapore Dollars)

	Note	2023 $	2022 $
Revenue	5	629,563	1,018,189
Other operating income	6	651,866	287,822
Waiver of amounts due to subsidiary and loan from subsidiary		3,932,471	–
Staff costs	7	(429,856)	(752,775)
Allowance for expected credit loss on trade and other receivables, net	12	(53,040)	(293,442)
Loss on disposal of assets held for sale	14	(783,861)	–
Other operating expenses	8	(791,417)	(561,348)
Profit/(loss) before taxation		3,155,726	(301,554)
Taxation	9	–	–
Profit/(loss) for the year, representing total comprehensive income for the year		3,155,726	(301,554)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

IEL Ltd.
(Formerly known as Informatics Education Ltd.)

Statements of financial position
As at 30 June 2023

(In Singapore Dollars)

	Note	2023 $	2022 $
Non-current assets			
Property, plant and equipment	10	–	–
Investment in subsidiaries	11	–	–
		–	–
Current assets			
Prepayments		–	6,107
Trade and other receivables	12	670,819	24,858
Cash and bank balances	13	350,523	85,112
		1,021,342	116,077
Assets held for sale	14	–	1,489,770
		1,021,342	1,605,847
Total assets		1,021,342	1,605,847
Current liabilities			
Deferred income and fees	5	–	115,089
Trade and other payables	15	1,114,336	4,739,478
		1,114,336	4,854,567
Net current liabilities		(92,994)	(3,248,720)
Total net liabilities		(92,994)	(3,248,720)
Equity attributable to equity holders of the Company			
Share capital	16	34,667,196	34,667,196
Accumulated losses		(34,760,190)	(37,915,916)
Total equity		(92,994)	(3,248,720)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of changes in equity
For the financial year ended 30 June 2023

(In Singapore Dollars)

	Share capital $	Accumulated losses $	Total equity $
2023			
At 1 July 2022	34,667,196	(37,915,916)	(3,248,720)
Profit for the financial year, representing total comprehensive income for the financial year	–	3,155,726	3,155,726
At 30 June 2023	34,667,196	(34,760,190)	(92,994)
2022			
At 1 July 2021	34,667,196	(37,614,362)	(2,947,166)
Loss for the financial year, representing total comprehensive income for the financial year	–	(301,554)	(301,554)
At 30 June 2022	34,667,196	(37,915,916)	(3,248,720)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

IEL Ltd.
(Formerly known as Informatics Education Ltd.)

Statement of cash flows
For the financial year ended 30 June 2023

(In Singapore Dollars)

	Note	2023 $	2022 $
Cash flow from operating activities			
Profit/(loss) before taxation		3,155,726	(301,554)
Adjustments for:			
Allowance for expected credit loss on trade and other receivables, net	12	53,040	293,442
Bad debts recovered	6	(648,416)	–
Finance costs	8	51,983	82,169
Interest income	6	(1)	(186,718)
Loss on disposal of assets held for sale	14	783,861	–
Unrealised exchange gain		(73,696)	(14,213)
Waiver of amounts due to subsidiary and loan from subsidiary		(3,932,471)	–
Operating loss before working capital changes		(609,974)	(126,874)
Decrease/(increase) in prepayments, trade and other receivables		581,429	(71,875)
Decrease in deferred income and fees		(115,089)	(5,406)
Decrease in trade and other payables		(48,878)	(359,027)
Cash used in operations		(192,512)	(563,182)
Interest received		1	5,178
Interest paid		(22,094)	(11,868)
Net cash flows used in operating activities		(214,605)	(569,872)
Cash flows from investing activity			
Cash proceeds from disposal of assets held for sale		80,000	–
Net cash flows generated from investing activity		80,000	–
Cash flows from financing activities			
Uplift of fixed deposit pledged as security for borrowings		–	1,008,044
Repayment of interest-bearing borrowings		–	(1,000,000)
Advances from immediate holding company		400,000	600,000
Net cash flows generated from financing activities		400,000	608,044
Net increase in cash and cash equivalents		265,395	38,172
Cash and cash equivalents at beginning of the financial year		85,112	46,529
Effects of exchange rate changes on opening cash and cash equivalents		16	411
Cash and cash equivalents at end of the financial year	13	350,523	85,112

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(In Singapore Dollars)

1. Corporate information

IEL Ltd. (formerly known as Informatics Education Ltd.) (the "Company") is a limited liability company domiciled and incorporated in Singapore. The registered office and principal place of business of the Company is located at 80 Raffles Place #32-01 UOB Plaza 1, Singapore 048624.

The Company's immediate holding company is Berjaya Leisure Capital (Cayman) Limited, incorporated in the Cayman Islands. The penultimate holding company and ultimate holding company are Berjaya Land Berhad and Berjaya Corporation Berhad respectively, which are incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. Subsidiaries of Berjaya Corporation Berhad are related corporations of the Company and its subsidiaries.

The principal activities of the Company are those of investment holding, franchisor and licensor for computer and commercial training centres and examination facilitators. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

With effect from 4 September 2023, the name of the Company was changed from Informatics Education Ltd. to IEL Ltd..

2. Fundamental accounting concept

For the financial year ended 30 June 2023, the Company recorded net cash outflows of $214,605 (2022: $569,872) from its operating activities.

As at 30 June 2023, the Company has net current liabilities and net liabilities of $92,994 (2022: $3,248,720) respectively. These factors indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as going concern.

Notwithstanding the above, the financial statements of the Company are prepared on a going concern basis as the Company received a letter of financial support from its penultimate holding company, Berjaya Land Berhad, to provide continuing financial support to the Company to enable it to continue its operations and meet its liabilities as and when they fall due.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

(In Singapore Dollars)

3. Summary of significant accounting policies

3.1 *Basis of preparation*

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

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 (SGD or $).

3.2 *Changes in accounting policies and disclosures*

Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period 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.

3.3 *Standards issued but not yet effective*

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

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 17 *Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1 -1 *Presentation of Financial Statements*: *Classification of Liabilities as Current or Non-current*	1 January 2024
Amendments to SFRS(I) 1-1 *Presentation of Financial Statements: Non-current Liabilities with Covenants*	1 January 2024
Amendments to SFRS(I) 1-7 *Statement of Cash Flows* and SFRS(I) 7 *Financial Instruments: Disclosures (Supplier Finance Arrangements)*	1 January 2024
Amendments to SFRS(I) 16 *Leases: Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to SFRS(I) 10 Consolidated Financial Statements and SFRS(I) 1-28 Investments in Associates and Joint Ventures: 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 and interpretation above will have no material impact on the financial statements in the period of initial application.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.4 *Basis of consolidation*

The Company is a wholly-owned subsidiary of Berjaya Leisure Capital (Cayman) Limited, incorporated in the Cayman Islands. The penultimate holding company and ultimate holding company are Berjaya Land Berhad and Berjaya Corporation Berhad respectively, which are incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. Accordingly, the Company has elected not to present consolidated financial statements as the penultimate holding company and ultimate holding company produce consolidated financial statements available for public use.

The registered address of the penultimate holding company and ultimate holding company, which publish consolidated financial statements is Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur.

3.5 *Foreign currency*

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are measured in the functional currencies of the Company and are recorded on initial recognition in the functional currencies 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 end of the reporting period. 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

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.

3.6 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost, except for recognition of right-of-use assets in accordance with SFRS(I) 16. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings, office and computer equipment - 3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.6 *Property, plant and equipment (cont'd)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

3.7 *Subsidiaries*

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its investment with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted for at cost less any impairment losses.

3.8 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount, that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

3.9 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.9 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Initial recognition and measurement (cont'd)

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.9 *Financial instruments (cont'd)*

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

3.10 *Impairment of financial assets*

The Company recognises an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents exclude cash and deposits which are restricted in use.

3.12 *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.13 *Employee benefits*

(a) *Defined contribution plans*

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) *Retrenchment benefit*

Retrenchment benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises retrenchment benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the Company recognises costs for a restructuring that is within the scope of SFRS(I) 1-37 and involves the payment of retrenchment benefits.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.14 *Revenue*

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time.

The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Examination fees*

Examination fee is recognised as revenue when the Company has delivered or satisfied all its performance obligations stated in the contract with the customer, which is upon release of the examination results to the customers. Examination fees received prior to the completion of the examination are recorded as deferred income and fees in the statement of financial position.

(b) *Franchise fees*

Initial franchise fee is recognised as revenue when the contractual requirements under the franchise agreement are completed. Recurring franchise fee is recognised as revenue on a monthly basis, determined as a percentage of revenue generated by the franchisees.

(c) *Licence fees*

Licence fee is recognised as revenue evenly over the duration of the agreement. Accreditation fee from potential licensee is recognised upon completion and issuance of accreditation report.

(d) *Interest income*

Interest income is recorded using the effective interest method.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.15 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except:

(i) Where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.16 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(In Singapore Dollars)

3. Summary of significant accounting policies (cont'd)

3.17 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

- (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

- (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the statement of financial position of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3.18 *Assets held for sale*

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Additional disclosures are provided in Note 14. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(In Singapore Dollars)

4. Significant accounting judgements and estimates

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. However, 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.

4.1 *Judgements made in applying accounting policies*

There are no critical judgements, apart from those involving estimates, that management has made in the process of applying the entity's accounting policies and that have significant effect on the amounts recognised in the financial statements.

4.2 *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.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECL on the Company's trade receivables is disclosed in Note 12 to the financial statements.

The carrying amount of the Company's trade receivables as at 30 June 2023 was $Nil (2022: $21,240).

(In Singapore Dollars)

5. Revenue

a) Disaggregation of revenue

	2023 $	2022 $
Services		
Examination fees	174,473	288,132
Franchise and license fee income	185,090	110,057
Management fee income	270,000	620,000
	629,563	1,018,189
Timing of transfer of services		
At a point in time	174,473	288,132
Over time	455,090	730,057
	629,563	1,018,189

b) Contract balances

Information about receivables and deferred income and fees from contracts with customers is disclosed as follows:

	30 June 2023 $	30 June 2022 $	1 July 2021 $
Trade receivables (Note 12)	–	21,240	19,272
Deferred income and fees	–	115,089	120,495

Deferred income and fees relate primarily to:

(a) License fees which the Company had billed and received in advance, and will be recognised as revenue over the duration of the license period; and

(b) Examination fees billed and received in advance, and will be recognised when the Company releases the results to the customer.

Revenue recognised in relation to deferred income and fees is disclosed as follows:

	2023 $	2022 $
Revenue recognised that was included in the deferred income and fees balance at the beginning of the year	115,089	23,739

(In Singapore Dollars)

6. Other operating income

	2023 $	2022 $
Interest income		
- Loans to subsidiaries	–	184,186
- Short-term deposits	1	2,532
	1	186,718
Sundry income	3,449	1,104
Forfeiture of deposit collected	–	100,000
Bad debt recovered	648,416	–
	651,866	287,822

7. Staff costs

	2023 $	2022 $
Staff costs (including key management personnel):		
- Salaries and bonuses	398,777	690,441
- Defined contribution plan contributions	31,079	71,285
- Government grants and subsidies	–	(8,951)
	429,856	752,775

Government grants and subsidies of $8,951 was recognised in the previous financial year. Included within the government grants and subsidies were Job Support Scheme ("JSS") of $5,348. The JSS was a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

8. Other operating expenses

The following items have been charged/(credited) in arriving at other operating expenses:

	2023 $	2022 $
Finance costs on:		
- Borrowings	–	11,868
- Amount due to subsidiary	51,983	70,301
Foreign exchange gain, net	(90,477)	(19,347)
Expense relating to short-term leases	–	24,500
Legal and professional fees	199,536	106,353
Exam fees	154,926	73,860

(In Singapore Dollars)

9. Taxation

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

	2023 $	**2022** $
Profit/(Loss) before taxation	3,155,726	(301,554)
Tax at the applicable tax rate of 17%	536,473	(51,264)
Adjustments:		
Income not subject to taxation	(779,337)	(37,587)
Non-deductible expenses	195,009	25,392
Deferred tax asset not recognised	47,855	63,459
Income tax expense recognised in profit or loss	–	–

As at 30 June 2023, the Company has tax losses of approximately $27,272,000 (2022: $27,031,000) and other temporary differences of approximately $3,681,000 (2022: $3,640,000) that are available for offset against future taxable profits, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these balances is subject to the agreement of the tax authority and compliance with certain provisions of the tax legislation. There is no expiry for the Company's tax losses in the tax jurisdictions.

(In Singapore Dollars)

10. Property, plant and equipment

	Furniture and fittings, office and computer equipment $
Cost:	
At 1 July 2021	859,561
Write-off	(4,404)
At 30 June 2022 and 1 July 2022	855,157
Write-off	(855,157)
At 30 June 2023	–
Accumulated depreciation:	
At 1 July 2021	859,561
Write-off	(4,404)
At 30 June 2022 and 1 July 2022	855,157
Write-off	(855,157)
At 30 June 2023	–
Net carrying amount:	
At 30 June 2023	–
At 30 June 2022	–

(In Singapore Dollars)

11. Investment in subsidiaries

	2023 $	2022 $
Unquoted equity shares, at cost	53,442,301	55,230,559
Impairment losses	(53,442,301)	(54,673,974)
Subtotal	–	556,585
Less: Reclassified to assets held for sale (Note 14)	–	(556,585)
Carrying amount	–	–
Movement in impairment losses is as follows:		
Balance at beginning of the financial year	54,673,974	59,555,106
Impairment loss written-off due to dissolution of subsidiary	(1,231,673)	(887,575)
Impairment loss written-off prior to reclassification to assets held for sale	–	(3,993,557)
Balance at end of the financial year	53,442,301	54,673,974

	Name of company (country of incorporation and place of business)	Principal activities	Proportion of ownership interests 2023 %	2022 %
	Held by the Company			
	Informatics Academy Pte Ltd (Singapore)	Dormant	100	100
(*)	Informatics Global Campus Pte Ltd (Singapore)	Dissolved	–	100
(**)	Informatics Computer Education Sdn Bhd (Malaysia)	Dissolved	–	100
(1)	Informatics Education (HK) Ltd (Hong Kong)	Computer education and training	–	100
	Informatics Education UK Ltd (United Kingdom)	Investment holding	–	100

(In Singapore Dollars)

11. Investment in subsidiaries (cont'd)

	Name of company (country of incorporation and place of business)	Principal activities	Proportion of ownership interests 2023	2022
	Held by the Company (cont'd)			
(1)	NCC Education Limited (United Kingdom)	Educational and business management consultancy	–	51
	Held by the subsidiaries			
(1)	NCC Education Limited (United Kingdom)	Educational and business management consultancy	–	49
	NCC Education (M) Sdn Bhd (Malaysia)	Marketing and consultancy	–	100
	NCC Education (Beijing) Consulting Co., Ltd (The People's Republic of China)	Consultancy	–	100

(1) The cost of investment in the subsidiary had been reclassified as assets held for sale at the end of the previous reporting period and was disclosed in Note 14.

(*) On 5 September 2022, the Company's wholly-owned subsidiary, Informatics Global Campus Pte Ltd has been dissolved. The dissolution has no significant impact to the profit or loss of the Company.

(**) On 12 October 2022, the Company's wholly-owned subsidiary, Informatics Computer Education Sdn Bhd has been dissolved. The dissolution has no significant impact to the profit or loss of the Company.

During the financial year, the Company has disposed its subsidiaries, Informatics Education (HK) Ltd, Informatics Education UK Ltd, NCC Education Limited, NCC Education (M) Sdn Bhd and NCC Education (Beijing) Consulting Co., Ltd, at a consideration of $705,909 as disclosed in Note 14.

(In Singapore Dollars)

12. Trade and other receivables

	2023 $	2022 $
Trade receivables	113,700	81,900
Less: Allowance for expected credit losses	(113,700)	(60,660)
	–	21,240
Other receivables	653,217	–
Goods and services tax receivable	17,602	3,618
	670,819	3,618
Amounts due from subsidiaries	–	62,827
Loans due from subsidiaries	–	870,358
	–	933,185
Less: Reclassified to assets held for sale (Note 14)	–	(933,185)
	–	–
Total trade and other receivables	670,819	24,858

Trade receivables are non-interest bearing and are generally on 30 days' terms or repayable on demand. They are recognised at their original invoice amounts, which represents their fair values on initial recognition.

Including in the other receivables is an amount of $646,767 (2022: Nil) derived from the sales proceed on disposal of assets held for sale disclosed in Note 14.

Expected credit losses on trade receivables

Summarised below are the information about the loss allowance and the credit risk exposure on the Company's trade receivables using provision matrix:

30 June 2023	**Past due more than 90 days** $
ECL rate	100%
Total gross carrying amount at default	113,700
Expected credit losses	113,700

30 June 2022	**Past due more than 90 days** $
ECL rate	74.06%
Total gross carrying amount	81,900
Expected credit losses	60,660

(In Singapore Dollars)

12. Trade and other receivables (cont'd)

Expected credit losses on trade receivables (cont'd)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	2023 $	**2022** $
Movement in allowance accounts:		
At beginning of the financial year	60,660	–
Charge for the year	73,140	60,660
Write-back for the financial year	(20,100)	–
At end of the financial year	113,700	60,660

Amounts due from subsidiaries

The amounts due from subsidiaries were unsecured, interest-free, repayable on demand and were expected to be settled in cash. In the previous financial year, these amounts had been reclassified to assets held for sale and were disclosed in Note 14.

Loans due from subsidiaries

In the previous financial year, the loan due from subsidiaries had been reclassified to assets held for sale and were disclosed in Note 14.

Expected credit losses on amounts due from subsidiaries and loans due from subsidiaries

The movement in allowance for expected credit losses of amounts due from subsidiaries and loans due from subsidiaries computed based on lifetime ECL were as follows:

	2023 $	**2022** $
Movement in allowance accounts:		
At beginning of the financial year	–	4,346,583
Charge for the year	–	245,282
Write-back of the allowance	–	(12,500)
Written-off prior to reclassification to assets held for sale	–	(4,579,365)
At end of the financial year	–	–

(In Singapore Dollars)

13. Cash and bank balances

	2023 $	2022 $
Cash at bank and on hand, representing total cash and cash equivalents	350,523	85,112

At the end of the reporting period, cash and bank balances denominated in foreign currencies are as follows:

	2023 $	2022 $
United States Dollars	221,031	14,868

14. Assets held for sale

On 18 January 2022 and 13 May 2022, the Company publicly announced its plan to dispose of the following subsidiaries – Informatics Education (HK) Ltd ("IEHK") and NCC Education Limited ("NCCUK") in Hong Kong and United Kingdom respectively. As at 30 June 2022, the Company's investment in and assets and liabilities attributed to these two subsidiaries had been classified as assets held for sale. The major classes of assets and liabilities of IEHK and NCCUK classified as held for sale as at 30 June 2022 were, as follow:

		2022	
	IEHK $	**NCCUK** $	**Total** $
Assets			
Carrying value of investment in subsidiaries (Note 11)	–	556,585	556,585
Amount due from subsidiaries (Note 12)	932,858	327	933,185
Assets held for sale	932,858	556,912	1,489,770

In the prior financial year, the Company did not perform an impairment assessment on the carrying amounts of the assets immediately before the initial classification of the assets held for sale. This is not in compliance with SFRS(I) 1-36, Impairment of Assets, which requires the Company to estimate the recoverable amount of the asset if there is any indication that an asset may be impaired. Upon initial classification of the assets held for sale, the Company did not perform a fair value assessment on these assets. This is not in compliance with SFRS (I) 5, Non-current Assets Held for Sale and Discontinued Operations, which requires non-current asset classified as held for sale to be measured at the lower of its carrying amount and fair value less costs to sell. The management was of the view that the cost to be incurred to perform a fair value assessment outweighs the economic benefits.

(In Singapore Dollars)

14. Assets held for sale (cont'd)

On 1 April 2023, the Company has completed the transaction on disposal of its subsidiaries. The loss on disposal of the assets held for sale recorded is as follow:

	Total $
Sales proceed	705,909
Less: Assets held for sale	(1,489,770)
Loss on disposal	(783,861)

The sales consideration consisted of cash consideration of $80,000 paid during the financial year. The outstanding cash consideration is payable to the Company no later than June 2024 and is recognised as Other Receivables as disclosed in Note 12.

15. Trade and other payables

	2023 $	**2022** $
Other payables	6,835	74,685
Accrued operating expenses	146,984	174,738
Accrual for retrenchment benefit	48,000	–
Amount due to immediate holding company	912,517	586,198
Amounts due to subsidiary	–	3,122,816
Loan due to subsidiary	–	781,041
Total trade and other payables	1,114,336	4,739,478

Other payables

Other payables are non-interest bearing and are normally settled on 30-90 days term.

Accrual for retrenchment benefit

During the financial year, the Company has ceased the employment of one employee on a basis of mutually agreed separation. Staff retrenchment costs amounting to $48,000 was recognised during the financial year.

Amount due to immediate holding company

Amount due to immediate holding company are unsecured, interest-free, repayable on demand and are expected to be settled in cash. The amount due to immediate holding company is denominated in Malaysian Ringgit.

(In Singapore Dollars)

15. Trade and other payables (cont'd)

Amounts due to subsidiary

In the previous financial year, the amounts due to subsidiary was unsecured, repayable on demand and was expected to be settled in cash. Amounts due to subsidiary included interest-bearing amounts of $1,888,166, bearing interest at a rate of 1.3% per annum. The remaining amounts due to subsidiary was interest-free. During the financial year, the subsidiary has fully waived off the amount due from the Company to the subsidiary.

Loan due to subsidiary

In the previous financial year, the loan was unsecured, bearing interest at a rate of 4% per annum and were expected to be settled in cash. During the financial year, the subsidiary has fully waived off the loan due from the Company to the subsidiary.

At the end of the reporting period, other payables denominated in foreign currencies are as follows:

	2023 $	**2022** $
Malaysian Ringgit	912,517	586,198

16. Share capital

	2023		**2022**	
	No. of shares	$	No. of shares	$
Issued and fully paid:				
At beginning and end of the financial year	177,339,649	34,667,196	177,339,649	34,667,196

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

On 22 August 2019, the Company completed a renounceable non-underwritten rights cum warrants issue and allotted and issued 105,124,182 shares at an issue price of $0.05 per share and 35,041,371 warrants. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of $0.05 for each share. The warrants expire on 21 August 2024.

(In Singapore Dollars)

17. Related party disclosures

(a) *Sale and purchase of goods and services*

On 1 April 2023, the Company has disposed its subsidiaries, Informatics Education (HK) Ltd, Informatics Education UK Ltd and NCC Education Limited.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place at terms agreed between the parties during the financial year:

	2023	**2022**
	$	$
Income received from subsidiaries:		
- management fees	270,000	620,000
- loan interest income	–	184,186
- examination fees income	–	50,000
Expenses charged by subsidiaries:		
- loan interest expense	51,983	70,301
- support services	193,426	112,210
Expenses charged by related corporations:		
- rental of premises	–	24,500

(b) *Compensation of key management personnel*

	2023	**2022**
	$	$
Short-term employee benefits (including directors' fees)	242,000	546,738
Defined contribution plan contributions	12,240	35,503
Total compensation paid to key management personnel	254,240	582,241
Comprise amounts paid/payable to:		
- Directors of the Company	50,000	110,000
- Other key management personnel	204,240	472,241
	254,240	582,241

(In Singapore Dollars)

18. Contingencies

Contingent liabilities

The Company has undertaken to provide continual financial support to certain subsidiaries to enable them to operate as going concerns for at least 12 months from the date of their financial statements.

19. Fair value of financial instruments

Fair value of financial assets and liabilities

(a) ***Fair value hierarchy***

The Company categorises 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 access at the measurement date,
- Level 2 – Inputs other that 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.

(b) ***Assets and liabilities not measured at fair value, for which fair value was disclosed***

The following table showed an analysis of the Company's loan due to subsidiary (current and non-current) not measured at fair value, for which fair value was disclosed:

	30 June 2022				
	Quoted prices in active markets for identical assets (Level 1) $	**Significant observable inputs other than quoted prices (Level 2)** $	**Significant unobservable inputs (Level 3)** $	**Fair value Total** $	**Carrying amount** $
Liabilities					
Loan due to subsidiary	–	–	773,602	773,602	781,041

(In Singapore Dollars)

19. Fair value of financial instruments (cont'd)

Fair value of financial assets and liabilities (cont'd)

(b) ***Assets and liabilities not measured at fair value, for which fair value was disclosed (cont'd)***

<u>Determination of fair value</u>

Loan due to subsidiary

The fair values as disclosed in the table above were estimated by discounted expected future cash flows at market incremental lending rate for similar types of lending or borrowing at the end of the previous reporting period.

Management has also determined that the carrying amount of cash and bank balances, current trade and other receivables, current loans due to subsidiaries, current other payables and interest-bearing borrowings are reasonable approximation of their fair values as they are mostly short-term in nature or are repriced to market interest rate.

There are no financial assets or financial liabilities that are carried at fair value.

Classification of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities in each of the following categories are as follows:

	2023 $	**2022** $
Financial assets measured at amortised cost		
Trade and other receivables	670,819	24,858
Cash and bank balances	350,523	85,112
	1,021,342	109,970
Less: Goods and services tax receivable	(17,602)	(3,618)
	1,003,740	106,352
Financial liabilities measured at amortised cost		
Other payables and accruals	201,819	249,423
Amount due to immediate holding company	912,517	586,198
Non interest-bearing amounts due to subsidiaries	–	1,234,650
Interest-bearing amounts due to subsidiaries	–	1,888,166
Interest-bearing loan due to subsidiary	–	781,041
	1,114,336	4,739,478

(In Singapore Dollars)

20. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, foreign currency risk and credit risk. It is, and has been throughout the current financial year and previous financial period, the Company's policy that no derivatives transactions shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk arises primarily from the Company's amounts due from/to subsidiaries and loans due from/to subsidiaries.

As the interest rate on the interest-bearing balances with subsidiaries is fixed, there is no impact from interest rate fluctuation.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity of the Company's profit/(loss) before tax to a reasonably possible change in interest rates on the Company's floating rate borrowing, with all other variables held constant.

	2023 $	**2022** $
Increase in 50 basis points	–	(9,441)
Decrease in 50 basis points	–	9,441

(In Singapore Dollars)

20. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial 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.

The Company's liquidity risk management policy is to monitor and maintain adequate cash and cash equivalents and liquid financial assets to finance the Company's operations.

Analysis of financial instruments by remaining contractual maturities

The following table details the Company's financial assets and liabilities at the end of the reporting period, based on contractual undiscounted repayment obligations.

	One year or less $
2023	
Financial assets	
Trade and other receivables *(exclude goods and services tax receivable)*	653,217
Cash and bank balances	350,523
Total undiscounted financial assets	1,003,740
Financial liabilities	
Other payables	1,114,336
Total undiscounted financial liabilities	1,114,336
Total net undiscounted financial liabilities	(110,596)
2022	
Financial assets	
Trade and other receivables *(exclude goods and services tax receivable)*	21,240
Cash and bank balances	85,112
Total undiscounted financial assets	106,352
Financial liabilities	
Other payables	4,801,488
Total undiscounted financial liabilities	4,801,488
Total net undiscounted financial liabilities	(4,695,136)

(In Singapore Dollars)

20. Financial risk management objectives and policies (cont'd)

(c) *Foreign currency risk*

The Company's foreign currency risk results mainly from amount due to immediate holding company denominated in foreign currencies. The Company also hold cash and bank balances denominated in the United States Dollars (USD) for working capital purposes. The currency mix of the amount due to immediate holding company and cash and bank balances at the end of the reporting period are disclosed in Note 15 to the financial statements and Note 13 to the financial statements respectively.

The Company does not enter into derivative foreign exchange contracts to hedge its foreign currency risk. It is the Company's policy not to trade in derivatives contracts.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit/(loss) before tax to a reasonably possible change in the USD and MYR exchange rates (against SGD), with all other variables held constant.

		Profit/(loss) before tax	
		2023	**2022**
		$	$
USD	- strengthened 5% (2022: 5%)	11,052	743
	- weakened 5% (2022: 5%)	(11,052)	(743)
MYR	- strengthened 5% (2022: 5%)	(45,626)	(29,310)
	- weakened 5% (2022: 5%)	45,626	29,310

(d) *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 trade and other receivables.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

(In Singapore Dollars)

20. Financial risk management objectives and policies (cont'd)

(d) ***Credit risk (cont'd)***

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of trade receivables and cash and bank balances.

Credit risk concentration profile

The Company determines concentration of credit risk by monitoring the country and industry sector profile of its trade and other receivables on an ongoing basis.

As at the reporting date, the trade receivables was due by the Company's most significant customer who has been transacting with the Company for many years.

Expected credit losses on trade receivables

The Company provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Company's historical observed default rates analysed in accordance to days past due by grouping of customers based on observable ageing buckets. The expected credit losses also incorporate forward looking information such as unemployment rate of Singapore residents and inflation rates.

Information regarding the allowance for expected credit losses for the Company's trade receivables is disclosed in Note 12 to the financial statements.

(In Singapore Dollars)

21. Capital management

The Company's objectives when managing capital are to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made to the objectives, policies or processes during the financial years ended 30 June 2023 and 30 June 2022.

22. Authorisation of financial statements for issue

The financial statements for the financial year period 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 15 January 2024.