NATURE ONE DAIRY (AUSTRALIA) PTE. LTD. AND ITS SUBSIDARIES

Incorporated in Singapore | Co. Reg. No.: 201507161W

ANNUAL REPORT

For the financial year ended 30 June 2023

Audit Alliance LLP
Public Accountants and Chartered Accountants

Letter from Chairman

21 May 2024

Dear Shareholders,

As Chairman, I wish to address you directly regarding the past year, which has been one of considerable challenge and transformation for our company. Despite these challenges, we have made significant progress in resolving several internal issues, thereby strengthening our foundation for future growth.

A key focus has been on evaluating our liquidity options to ensure the protection and maximisation of your investments and returns. As part of this process, we are actively considering the sale of our powder business. This potential divestiture would allow us to provide liquidity specifically for those of you who have been long-term shareholders in NOD. We believe this strategic move will enable ultimately enhancing shareholder value.

Additionally, many of you are aware that we have faced challenges with the profitability of NRD. Over the past year, we have dedicated significant time and effort to finding a strategic solution for NRD. We recognise the importance of this issue and are committed to addressing it in a manner that ensures the long-term solution of the issue.

In the next twelve months, we will be carefully exploring various strategic options to resolve the ongoing NRD issue. Our goal is to implement a solution that not only addresses the current profitability concerns but also positions us for greater stability and success in the future. We are confident that the steps we are taking will lead to a more robust and resilient company.

We understand that this period of transition may be challenging, and we greatly appreciate your continued support and patience. Please be assured that our dedication to enhancing shareholder value remains our top priority. We are committed to maintaining open communication with you and will keep you informed of our progress as we navigate these complex challenges.

Thank you for your trust and confidence in our leadership. Together, we will build a stronger and more prosperous future for our company.

Sincerely,

Hussein Rifai
Chairman
Nature One Dairy (Australia) Pte Ltd

Letter from Chief Executive Officer

21 May 2024

Dear Shareholders,

I am honored to provide you with an overview of both the challenges and triumphs we faced in the past year, as well as sharing my strategic focus for the upcoming year. Reflecting on the previous year, we must address the hurdles encountered at our Nepean River dairy and the setbacks arising from its loss of certain contracts. Notwithstanding these obstacles, we have diligently pursued various strategies to navigate these challenging times, including exploring avenues for its future, such as potential asset sales or even the potential sale of the business as a going concern.

Despite these challenges, our powder business has emerged as a beacon of success. The remarkable growth and accomplishments in our powder nutrition segment have led to substantial increases in revenue and successful diversification into new markets. This achievement not only underscores our resilience but also lays the foundation for further strategic advancements in this domain.

I am thrilled to announce the revitalization of our board with the appointment of a new chairman. The chairman's vision for the company resonates with our goals and objectives, and under their guidance, we are poised to elevate the company to new heights. It is crucial to emphasize that the board is actively exploring a liquidity event that could potentially unlock significant value for our shareholders.

In closing, as we acknowledge the challenges we faced, it is equally vital to celebrate our successes. The unwavering dedication of our team, the resilience of our business, and the steadfast support of our shareholders have been pivotal in driving us forward. Looking ahead, we are steadfast in our commitment to delivering value and fostering sustainable growth for all stakeholders.

Sincerely,

Nick Dimopoulos
CEO
Nature One Dairy (Australia) Pte Ltd

NATURE ONE DAIRY (AUSTRALIA) PTE. LTD. AND ITS SUBSIDIARIES

(Incorporated in Singapore) (Co. Reg. No.: 201507161W)

ANNUAL REPORT

For the financial year ended 30 June 2023

Audit Alliance LLP
Public Accountants and
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NATURE ONE DAIRY (AUSTRALIA) PTE. LTD.
AND ITS SUBSIDIARIES
(Incorporated in Singapore) (Co. Reg. No.: 201507161W)

ANNUAL REPORT
For the financial year ended 30 June 2023

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DIRECTORS' STATEMENT

For the financial year ended 30 June 2023

The Directors present their statement to the members together with the audited financial statements of the Group for the financial year ended **30 June 2023** and the statement of financial position of the Company as at **30 June 2023**.

In the opinion of the Directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages **8** to **76** are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at **30 June 2023** and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; 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.

Directors

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

Hussein Hani Rifai	(appointed on 27 May 2023)
Nick Dimopoulos	
Wang, Rui	
Kang Beng Hui	
Imad Jomaa	(appointed on 19 May 2023)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the Act), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	Direct interest		**Deemed interest**	
	At 30 June 2023	At 1 July 2022	**At 30 June 2023**	At 1 July 2022
The Company				
Nature One Dairy (Australia) Pte. Ltd.				
(No. of ordinary shares)				
Nick Dimopoulos	-	-	**417,372**	417,278
Related corporation				
Topshield International Pte. Ltd.				
(No. of ordinary shares)				
Nick Dimopoulos	**686,394**	686,394	**300,000**	300,000
Q & B Pty Ltd				
(No. of ordinary shares)				
Wang, Rui	**62,085**	62,085	-	-
NRD Securities Pty Ltd				
(No. of ordinary shares)				
Imad Jomaa	**551,483**	551,483	-	-

Share options

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

No shares have been 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.

Independent Auditor

The independent auditor, **Audit Alliance LLP,** has expressed its willingness to accept appointment.

On behalf of the Directors

Nick Dimopoulos
Director

Hussein Hani Rifai
Director

Date: 20 May 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NATURE ONE DAIRY (AUSTRALIA) PTE. LTD. AND ITS SUBSIDIARIES
Co. Reg. No.: 201507161W

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **NATURE ONE DAIRY (AUSTRALIA) PTE. LTD.** (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at **30 June 2023**, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company 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 consolidated financial position of the Group and the financial position of the Company as at **30 June 2023** and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with **Singapore Standards on Auditing (SSAs)**. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group 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.

Material Uncertainty Related to Going Concern

We draw attention to **Note 2.2** in the financial statements, which indicates that the Group incurred a net loss of **S$ 13,310,383** (2022: S$ 14,017,694) during the year ended **30 June 2023** and, as of that date, the Group's current liabilities exceeded its current assets by **S$ 16,909,842** (2022: S$ 23,894,760). As stated in **Note 2.2**, these events or conditions, along with other matters as set forth in Note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter

Emphasis of Matter – Impairment of Investment in Subsidiary

We draw attention to **Note 14** of the financial statements, which describes the impairment loss on Nepean River Dairy Pty Ltd, an investment in wholly owned subsidiary of the Company. The management has recognised an impairment loss amounting to **S$14,963,000** for the financial year ended 30 June 2023 due to adverse changes in the investment's financial health.

Our audit procedures related to the impairment assessment included reviewing the discounted cash flow model prepared by the management including engaging the services of a professional valuer as an auditor expert. We evaluated the adequacy of the impairment loss in accordance with provisions of the Act and FRSs, and assessed the disclosures in **Note 14** to ensure compliance with relevant accounting standards.

Our opinion is not modified in respect of this matter.

Other Matter

The financial statements of the Group for the financial year ended **30 June 2022** were audited by another auditor who expressed an unqualified opinion on those statements on **22 December 2022**.

We also draw attention towards the fact that corresponding figures of the Company from **1 July 2021** to **30 June 2022** are unaudited.

In accordance with SSA 510, the auditor shall obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current year's financial statements. We performed audit on the opening balances, and we have obtained sufficient and appropriate audit evidence that the opening balances do not materially affect the financial statements for the financial year ended **30 June 2023**. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages **1** to **2**.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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.

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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group'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 Group's internal control.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF NATURE ONE DAIRY (AUSTRALIA) PTE. LTD. AND ITS SUBSIDIARIES
Co. Reg. No.: 201507161W
(continued)

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

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

- 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 Group'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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Tai Wai.

Audit Alliance LLP

AUDIT ALLIANCE LLP
Public Accountants and Chartered Accountants

Singapore,

Date: 20 MAY 2024

NATURE ONE DAIRY (AUSTRALIA) PTE. LTD.
AND ITS SUBSIDIARIES
Co. Reg. No.: 201507161W

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 30 June 2023

	Note	2023 S$	2022 S$
Revenue	4	**37,160,503**	33,902,378
Other income	5	**530,542**	284,469
Other losses / (gains) – net	6	**(5,238,388)**	145,742
Expenses:			
- Cost of sales		**(25,015,417)**	(29,191,538)
- Advertising expenses		**(3,284,134)**	(3,319,541)
- Amortisation expenses	15	**(2,136,662)**	(588,730)
- Allowance for expected credit loss		**(48,596)**	835,332
- Depreciation of property, plant and equipment	16	**(6,057,397)**	(5,221,676)
- Employee compensation	7	**(3,298,218)**	(3,882,687)
- Finance costs	8	**(1,341,503)**	(2,549,804)
- General and administrative costs		**(914,774)**	(827,919)
- Insurance		**(416,225)**	(573,867)
- Legal and professional fees		**(2,550,820)**	(2,934,504)
- Selling expenses		**(1,283,025)**	(152,235)
- Travelling expenses		**(173,268)**	(168,177)
- Other expenses		**(152,791)**	(379,415)
Total expenses		**(46,672,830)**	(48,954,761)
Loss before tax		**(14,220,173)**	(14,622,172)
Income tax	9(a)	**909,790**	604,478
Loss for the year		**(13,310,383)**	(14,017,694)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
- Gain on the revaluation of property, plant and equipment, net of tax		**30,852**	-
Items that may be reclassified subsequently to profit or loss:			
- Currency translation gains / (losses) arising from consolidation		**426,771**	(510,934)
Other comprehensive income / (loss), net of tax		**457,623**	(510,934)
Total comprehensive loss		**(12,852,760)**	(14,528,628)

The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 4 to 7.

NATURE ONE DAIRY (AUSTRALIA) PTE. LTD.
AND ITS SUBSIDIARIES
Co. Reg. No.: 201507161W

STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

		Group		Company	
		2023	2022	**2023**	2022 (Un-audited) (Reclassified)
	Note	**S$**	S$	**S$**	S$
ASSETS					
Current assets					
Cash and cash equivalents	10	**398,813**	1,705,801	**3,912**	1,500,480
Trade and other receivables	11	**8,734,207**	4,656,559	**64,149**	2,690
Loan receivables	12	**-**	-	**1,088,116**	1,177,906
Inventories	13	**5,345,469**	7,434,251	**-**	-
		14,478,489	13,796,611	**1,156,177**	2,681,076
Non-current assets					
Investment in subsidiaries	14	**-**	-	**38,458,579**	49,436,254
Intangible assets	15	**25,773,418**	33,671,725	**14,973**	18,507
Property, plant and equipment	16	**35,875,118**	43,534,875	**-**	-
Deposits		**451,477**	450,299	**1,000**	1,000
		62,100,013	77,656,899	**38,474,552**	49,455,761
Total assets		**76,578,502**	91,453,510	**39,630,729**	52,136,837
LIABILITIES					
Current liabilities					
Trade and other payables	18	**22,357,701**	21,510,805	**7,493,058**	7,285,755
Vendor payables	19	**-**	3,836,400	**-**	-
Customer deposit		**1,254,524**	873,040	**-**	-
Borrowings	20	**7,135,794**	11,168,905	**3,144,568**	6,790,525
Current income tax liabilities	9(b)	**207,107**	9,700	**9,700**	9,700
Employee provisions		**433,205**	292,521	**-**	-
		31,388,331	37,691,371	**10,647,326**	14,085,980
Non-current liabilities					
Amount due to related parties	22	**616,266**	-	**302,141**	-
Vendor payables	19	**10,409,914**	11,096,297	**-**	-
Borrowings	20	**10,551,909**	11,156,794	**-**	-
Deferred tax liability	9	**4,789,061**	6,802,654	**-**	-
Lease make-good provision	23	**26,524**	435,951	**-**	-
		26,393,674	29,491,696	**302,141**	-
Total liabilities		**57,782,005**	67,183,067	**10,949,467**	14,085,980
Net assets		**18,796,497**	24,270,443	**28,681,262**	38,050,857

NATURE ONE DAIRY (AUSTRALIA) PTE. LTD.
AND ITS SUBSIDIARIES
Co. Reg. No.: 201507161W

STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

		Group		Company	
		2023	2022	**2023**	2022 (Un-audited) (Reclassified)
	Note	**S$**	S$	**S$**	S$
SHAREHOLDERS' EQUITY					
Share capital	24	**52,633,121**	45,254,307	**52,633,121**	45,254,307
Accumulated losses		**(37,014,375)**	(23,703,992)	**(23,951,859)**	(7,150,794)
Asset revaluation reserve	25	**3,646,117**	3,615,265	**-**	-
Foreign currency translation reserve	26	**(468,366)**	(895,137)	**-**	(52,656)
TOTAL EQUITY		**18,796,497**	24,270,443	**28,681,262**	38,050,857

NATURE ONE DAIRY (AUSTRALIA) PTE. LTD.
AND ITS SUBSIDIARIES
Co. Reg. No.: 201507161W

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 30 June 2023

Group	Note	Share capital S$	Accumulated losses S$	Asset revaluation reserve S$	Foreign currency translation reserve S$	Total S$
Balance as at 30 June 2022		45,254,307	(23,703,992)	3,615,265	(895,137)	24,270,443
Loss for the year		-	(13,310,383)	-	-	(13,310,383)
Other comprehensive income		-	-	30,852	426,771	457,623
Total comprehensive loss for the year		-	(13,310,383)	30,582	426,771	(12,852,760)
Issuance of ordinary shares	24	7,378,814	-	-	-	7,378,814
Balance as at 30 June 2023		52,633,121	(37,014,375)	3,646,117	(468,366)	18,796,497

The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 4 to 7.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 30 June 2023

Group	Note	Share capital S$	Accumulated losses S$	Asset revaluation reserve S$	Foreign currency translation reserve S$	Non-controlling interests S$	Total S$
Balance as at 1 July 2021		13,112,041	(9,810,248)	3,615,265	(384,203)	123,950	6,656,805
Loss for the year		-	(14,017,694)	-	-	-	(14,017,694)
Other comprehensive income		-	-	-	(510,934)	-	(510,934)
Transfer to / (from) non-controlling interest		-	123,950	-	-	(123,950)	-
Total comprehensive loss for the year		-	(13,893,744)	-	(510,934)	(123,950)	(14,528,628)
Issuance of ordinary shares	24	34,202,886	-	-	-	-	34,202,886
Cancellation of shares issued	24	(2,060,620)	-	-	-	-	(2,060,620)
Balance as at 30 June 2022		45,254,307	(23,703,992)	3,615,265	(895,137)	-	24,270,443

NATURE ONE DAIRY (AUSTRALIA) PTE. LTD.
AND ITS SUBSIDIARIES
Co. Reg. No.: 201507161W

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 30 June 2023

	Note	2023 S$	2022 S$
Cash flows from operating activities			
Loss before tax		**(14,220,173)**	(14,622,172)
Adjustments for:			
- Depreciation of property, plant and equipment	16	**6,057,397**	5,221,676
- Amortisation expenses	15	**2,136,662**	588,730
- Allowance for expected credit loss		**48,596**	(835,332)
- Finance cost	8	**1,341,503**	2,549,804
- Interest income	5	**(2,878)**	-
- Reversal of impairment losses on goodwill	15	**5,531,000**	-
- Unrealised foreign exchange losses	6	**(345,039)**	1,148,993
		547,068	(5,948,301)
Change in working capital, net of effects from disposal of subsidiaries:			
- Trade and other receivables		**(3,797,721)**	(1,068,772)
- Inventories		**2,418,480**	484,051
- Trade and other payables		**2,028,460**	1,027,294
Cash generated from / (used in) operating activities		**1,334,302**	(5,505,728)
Interest received		**2,878**	-
Net cash generated from / (used in) operating activities		**1,337,180**	(5,505,728)
Cash flows from investing activities			
Cash acquired as part of business combination		**-**	45,027
Additions to property, plant and equipment		**(1,555,879)**	(265,032)
Additions to intangible assets		**-**	(19,981)
Proceeds from sale of investment		**-**	239,775
Proceeds from security deposits refunded		**-**	166,134
Net cash (used in) / generated from investing activities		**(1,555,879)**	165,923
Cash flows from financing activity			
Repayments of lease liabilities		**(1,447,921)**	(980,429)
Net repayment of bank borrowings		**(4,013,324)**	(1,466,005)
Repayment of vendor payables		**(3,836,400)**	-
Net proceeds from related parties		**616,266**	-
Proceeds from issuance of share capital		**7,378,814**	-
Net cash used in financing activity		**(1,302,565)**	(2,446,434)
Net decrease in cash and cash equivalents		**(1,521,264)**	(7,786,239)
Cash and cash equivalents at beginning of financial year		**1,439,537**	9,478,662
Effects of currency translation on cash and cash equivalents		**191,682**	(252,886)
Cash and cash equivalents at end of financial year	10	**109,955**	1,439,537

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

1. General

Nature One Dairy (Australia) Pte. Ltd. (the "Company") is incorporated in Singapore. The registered office of the Company is at 10 Anson Road, #27-15 International Plaza, Singapore 079903.

The principal activities of the Company and its subsidiaries are those manufacture of dairy products and wholesale trade of a variety of goods without a dominant product.

There have been no significant changes in the nature of these activities during the financial year.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with **Financial Reporting Standards in Singapore (FRSs)**. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 3**.

Interpretations and amendments to published standards effective in 2022

On **1 July 2022**, the Company adopted the new or amended FRSs and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRS.

The adoption of these new or amended FRSs and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years/ periods.

2. Significant accounting policies (continued)

2.2 Material uncertainty related to going concern

The financial statements of the Group have been prepared on a going concern basis notwithstanding the net loss of **S$ 13,310,383** (2022: S$ 14,017,694) during the year ended **30 June 2023** and, as of that date, the Group's current liabilities exceeded its current assets by **S$ 16,909,842** (2022: S$ 23,894,760). These factors indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group has previously raised funds via the issuance of multiple rounds of Convertible Notes and the directors expect that further funds can be raised through this type of mechanism again, if necessary;

- The budget and cashflow forecast prepared by the Group for the twelve-month period from the date of signing the financial statements, which are based on the directors' estimates and assumptions about certain economic factors, and the operating and trading performance of the Group, support the Directors' assertion, and suggest that the Group has cash and other financial resources sufficient to support its operations for the relevant period.

- As disclosed in **Note 32** Events occurring after statement of financial position date, the shareholders in their general meeting dated **20 December 2023** approved the issue of **429,752** fully paid ordinary shares in the capital of the Company in consideration for conversion of **44** convertible notes which matured on **30 June 2022**, resulting in conversion of **$2.3 million** of convertible notes (having a total face value of **S$1.97 million** plus applicable interest and charges).

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statement.

The financial statement does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

2. Significant accounting policies (continued)

2.3 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

(i) Sale of goods

Revenue from sale of goods is recognised at a point in time when the Group has delivered the products to the customers and significant risks and rewards of ownership of the goods have been passed to the customers.

2.4 Government grant

Government grants relating to costs are deferred and recognised in statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.5 Group accounting

(a) Subsidiaries

Consolidation

Subsidiaries is entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

2. Significant accounting policies (continued)

2.5 Group accounting (continued)

(a) Subsidiary (continued)

Consolidation (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gain on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indication of the asset transferred. Accounting policies of subsidiary has been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

2.6 Property, plant and equipment

(a) Measurement

(i) Land and buildings

All land and buildings are initially recognised at cost. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

(ii) Other plant and equipment

All other items of plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs and any fair value gains or losses and qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve.

2. Significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate the depreciable amounts of over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Right-of-use assets	Over the lease term
Leasehold improvements	Over the lease term
Office equipment	3 - 5 years
Plant and machinery	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognized in the statement of comprehensive income when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in statement of comprehensive income when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and carrying amount is recognised in statement of comprehensive income within "other gains/ losses – net". Any amount in revaluation reserve relating to that item is transferred to retained earnings directly.

2.7 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

2.7 Intangible assets (continued)

(b) Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

(c) Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

(d) Customer relationships

Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life ranging between 5 to 10 years or such other period deemed appropriate based on historical and expected future renewal rate.

(e) Brand assets

Brand assets arising on the acquisition of a business is not amortised. Instead, brand assets are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on brand assets are taken to statement of comprehensive and are not subsequently reversed.

2.8 Investment in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investment in investments, the difference between disposal proceeds and the carrying amount of the investment is recognised in statement of comprehensive income.

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets

(a) Goodwill
Brand assets

Goodwill and brand assets are recognised separately as intangible assets which are tested for impairment annually and whenever there is indication that the goodwill and brand assets may be impaired.

For the purpose of impairment testing of goodwill and brand assets, goodwill and brand assets are allocated to each of the Group's cash-generating-units (CGU) expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill and brand assets, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill and brand assets are recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

(b) Intangible assets
Property, plant and equipment
Investments in subsidiaries (continued)

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the statement of comprehensive income, a reversal of that impairment is also recognised in the statement of comprehensive income.

2.9 Financial assets

(i) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group 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. Transaction costs of financial assets carried at fair value through statement of comprehensive income are expensed in statement of comprehensive income.

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(i) Classification and measurement (continued)

At subsequent *measurement*

a) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables and amount owing from related parties.

There are three subsequent measurement categories, depending on the Company's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of comprehensive income and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in statement of comprehensive income in the period in which it arises and presented in "other gains and losses".

2. Significant accounting policies *(continued)*

2.10 Financial assets (continued)

At subsequent measurement (continued)

b) Equity investments

The Company subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in statement of comprehensive income in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Company has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/ losses" in Other Comprehensive Income. Dividends from equity investments are recognised in statement of comprehensive as "dividend income".

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. **Note 29(b)** details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2. Significant accounting policies *(continued)*

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the statement of financial position date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of comprehensive income over the period of the borrowings using the effective interest method.

(b) Convertible bonds

The total proceeds from convertible bonds issued are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, carrying amount is transferred to the share capital. When the conversion option lapses, carrying amount is transferred to retained profits.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies *(continued)*

2.14 Leases

When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

2. Significant accounting policies *(continued)*

2.14 Leases (continued)

When the Group is the lessee:

(ii) Lease liabilities (continued)

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to the statement of comprehensive income on a straight-line basis over the lease term.

2.15 Inventories

Inventories comprising raw materials, work in progress, finished goods are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work-in-progress comprise purchase price of finished goods, freight costs and other costs attributable to bringing finished goods to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2. Significant accounting policies *(continued)*

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable statement of comprehensive income at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in statement of comprehensive income, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Significant accounting policies *(continued)*

2.17 Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Other long-term employee benefits

The liability for annual leave is not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Singapore Dollars, which is the functional and presentation currency of the Company.

2. Significant accounting policies *(continued)*

2.19 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency (foreign currency) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in the statement of comprehensive income. Monetary items include primarily financial assets (other than equity investments), contract assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to the statement of comprehensive income, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance expense". All other foreign exchange gains and losses impacting statement of comprehensive income are presented in the income statement within "other losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and deposits with financial institutions which are subject to an insignificant risk of change in value. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments are taken to equity as a deduction, net of tax, from the proceeds.

2. Significant accounting policies *(continued)*

2.22 Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to statement of comprehensive income.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in statement of comprehensive income.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in statement of comprehensive income. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in statement of comprehensive income by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

3. Critical accounting estimates and assumptions

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Uncertain tax positions

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management has estimated the amount of capital allowances and deductible expenses (uncertain tax positions) at each tax jurisdiction.

The Group has significant open tax assessments with a tax authority at the statement of financial position date. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain tax positions.

(b) Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

(c) Impairment of trade receivables

As at **30 June 2023**, the trade receivables of the Group amounting to **S$ 8,088,475** (2022: S$ 3,959,382).

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECLs). The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables according to historical loss patterns (e.g., customer rating or product or by geographical location) and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables.

The Group's credit risk exposure for loan and receivables are set out in **Note 29** to the financial statement.

3. Critical accounting estimates and assumptions (continued)

(d) Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment at each reporting date in accordance with the accounting policy in **Note 2.5**. The estimation of the useful lives and residual amount involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. The net carrying amount of property, plant and equipment at **30 June 2023** and the annual depreciation charge for the financial year ended **30 June 2023** are disclosed in **Note 16**.

Any changes in the expected useful lives of these assets would affect the net carrying amount of property, plant and equipment, and the depreciation charge for the financial year.

(e) Revaluation of property, plant and equipment

The Group carries its leasehold land and building at fair value, with changes in fair values being recognised in other comprehensive income. The fair value of the property, plant and equipment except for development in progress are determined by the directors' reference to valuations performed by independent professional valuers using the "Market Value" basis.

The carrying amount of the property, plant and equipment above are disclosed in **Note 16**.

(f) Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

(g) Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in **Note 2.9**. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

3. Critical accounting estimates and assumptions (continued)

(h) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

(i) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(j) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

(k) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

3. Critical accounting estimates and assumptions (continued)

(l) Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, suing a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(m) Business combinations

As discussed in **Note 2.22**, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting are retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

4. Revenue

(a) Disaggregation of revenue from contracts with customers

	Group	
	2023	2022
	S$	S$
Major product lines		
Powdered milk products	**27,176,269**	16,354,784
Liquid dairy and non-dairy products	**9,984,234**	17,547,594
	37,160,503	33,902,378

	Group	
	2023	2022
	S$	S$
Geographical regions		
Australia	**5,829,083**	23,128,165
China	**96,460**	4,465,111
Singapore	**5,211,935**	3,558,914
Hong Kong	**25,359,735**	377,562
Other	**663,290**	2,372,626
	37,160,503	33,902,378

Revenues from sale of goods are recognised at a point in time.

5. Other income

	Group	
	2023	2022
	S$	S$
Interest income	**2,878**	-
Government grant	**181,877**	-
Sales of packaging materials and other goods	**88,010**	284,469
Rental income	**210,921**	-
Sundry income	**46,856**	-
	530,542	284,469

6. Other (losses) / gains – net

	Group	
	2023	2022
	S$	S$
Unrealised exchange gains / (losses)	**345,039**	(1,148,993)
Realised exchange (losses) / gains	**(52,427)**	993,209
Gain on derivatives – convertible notes	**-**	10,042
Impairment loss on goodwill	**(5,531,000)**	-
	(5,238,388)	145,742

7. Employee benefits

	Group	
	2023	2022
	S$	S$
Wages and salaries	**2,915,062**	3,492,562
Employer's contribution to defined contribution plans including Central Provident Fund	**383,156**	390,125
	3,298,218	3,882,687

8. Finance costs

	Group	
	2023	2022
	S$	S$
Interest expense on borrowings	**1,056,551**	2,255,740
Interest expense on lease liabilities	**284,952**	294,064
	1,341,503	2,549,804

9. Income taxes

(a) Income taxes credit

	Group	
	2023	2022
	S$	S$
Income tax credit is made up of:		
Current income tax	**187,381**	-
Deferred income tax (**Note 9 (d)**)	**(1,106,969)**	(604,478)
	(919,588)	(604,478)
Under-provision in prior financial years	**9,798**	-
	(909,790)	(604,478)

9. Income taxes (continued)

(a) *Income taxes credit* (continued)

The tax expense on the Group's loss before tax differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2023	2022
	S$	S$
Loss before tax	**(14,220,173)**	(14,622,172)
Tax calculated at a tax rate of **17%** (2022: 17%)	**(2,417,429)**	(2,485,769)
Effects of:		
- different tax rate in other country	**(678,798)**	(1,182,920)
- income not subject to tax	**(133,087)**	-
- expenses not deductible for tax purposes	**2,604,234**	810,444
- utilisation of previously unrecognised:		
- tax losses	**(744,257)**	-
- under-provision in prior financial years	**9,798**	
- Tas losses not recognised	**1,556,718**	2,858,245
Tax charge	**197,179**	-

(b) *Movements in current tax liabilities*

	Group	
	2023	2022
	S$	S$
Beginning of financial year	**9,700**	9,700
Tax expense	**187,381**	-
Under-provision in prior financial years	**9,798**	-
Currency translation difference	**228**	-
End of financial year	**207,107**	9,700

(c) *Deferred income tax*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

9. Income taxes (continued)

(c) Deferred income tax (continued)

The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2023	2022
	S$	S$
Deferred tax assets	**(1,337,047)**	-
Deferred tax liabilities	**6,126,108**	6,802,654
Net deferred tax liabilities	**4,789,061**	6,802,654

Deferred tax liability comprises temporary differences attributable to:

	Group	
	2023	2022
	S$	S$
Amounts recognised in equity		
Revaluation of property, plant and equipment	-	1,428,815
Amounts recognised in profit or loss		
Property, plant and equipment	**3,824,697**	4,087,203
Intangible assets	**964,364**	1,286,636
	4,789,061	5,373,839
	4,789,061	6,802,654

(d) Movements in deferred tax liabilities

	Group	
	2023	2022
	S$	S$
Beginning of financial year	**6,802,654**	1,502,558
Additions through business combinations	-	5,963,685
Credited to profit or loss	**(1,106,969)**	(604,478)
Offset with deferred tax assets	**(1,337,047)**	-
Currency translation difference	**430,423**	(59,111)
End of financial year	**4,789,061**	6,802,654

9. **Income taxes** (continued)

The Group has unrecognised tax losses of **S$46,751,393** (2022: S$48,538,972) at the statement of financial position date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date and can be claimed as a deduction in a later year as long as the Group has met all the requirements.

10. Cash and cash equivalents

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Cash at bank	**398,813**	1,705,801	**3,912**	1,500,480

The carrying amounts of cash and cash equivalents approximate their fair value.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Singapore dollar	**67,095**	140,853	**39**	7,431
Australian dollar	**20,759**	1,554,377	**3,869**	1,493,049
Hong Kong dollar	**310,110**	8,469	**4**	-
United States dollar	**112**	2,102	**-**	-
Chinese Yuan	**737**	-	**-**	-
	398,813	1,705,801	**3,912**	1,500,480

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2023	2022
	S$	S$
Cash and bank balances (as above)	**398,813**	1,705,801
Less: bank overdrafts (**Note 20**)	**(288,858)**	(266,264)
	109,955	1,439,537

11. Trade and other receivables

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Trade receivables				
- Non-related parties	**8,892,656**	4,767,802	**46,548**	-
Less: loss allowance	**(804,181)**	(808,420)	-	-
	8,088,475	3,959,382	**46,548**	-
Other receivables				
- Non-related parties	**14,373**	28,002	**9,567**	-
Prepayments	**333,488**	614,324	**8,034**	2,690
Deposits	**297,871**	54,851	-	-
	8,734,207	4,656,559	**64,149**	2,690

Trade receivables due from non-related parties are unsecured, non-interest bearing and are generally on 30 to 90 days term.

Other receivable from non-related parties is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

The carrying amounts of trade and other receivables approximate their fair value and are denominated in the following currencies:

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Singapore dollar	**521,600**	572,281	**64,149**	2,690
Australian dollar	**1,048,878**	3,454,352	-	-
Hong Kong dollar	**7,163,729**	629,926	-	-
	8,734,207	4,656,559	**64,149**	2,690

12. Loan receivables

	Group and Company	
	2023	2022 (Un-audited) (Reclassified)
	S$	S$
Current		
Loan receivables		
- Subsidiaries	**1,088,116**	1,177,906
Beginning of the financial year	**1,177,906**	924,906
Additions	**45,168**	245,000
Principal repayment	**(156,447)**	(13,085)
Interest expense	**21,489**	21,085
End of the financial year	**1,088,116**	1,177,906

Loan receivable from subsidiaries is non-trade in nature, unsecured, interest bearing at 1.79% per quarter and repayable on demand.

The carrying amounts of loan receivables approximate their fair value and are denominated in the following currencies:

	Group and Company	
	2023	2022 (Un-audited) (Reclassified)
	S$	S$
Singapore dollar	**1,053,806**	1,177,906
United States dollar	**34,310**	-
	1,088,116	1,177,906

13. Inventories

	Group and Company	
	2023	2022
	S$	S$
Raw materials	**3,774,453**	4,146,533
Work in progress	**210,893**	519
Finished goods	**1,707,967**	3,251,478
Stock-in-transit	**254,581**	631,762
	5,947,894	8,030,292
Less: Provision for inventory obsolescence	**(602,425)**	(596,041)
	5,345,469	7,434,251

The cost of inventories recognised as an expense and included in cost of sales amounted to **S$ 25,015,417** (2022: S$ 29,191,538).

14. Investment in subsidiaries

	Company	
	2023	2022 (Un-audited) (Reclassified)
	S$	S$
Equity investments at cost		
Beginning of financial year	**29,257,226**	6,212,386
Additions	**1,740**	23,044,840
Loan receivables*	**24,416,640**	20,179,028
Written-off	**(254,027)**	-
End of financial year	**53,421,579**	49,436,254
Provision for impairment loss		
Beginning of financial year	**-**	-
Additions	**14,963,000**	-
End of financial year	**14,963,000**	-
Net book value	**38,458,579**	49,436,254

**The loan receivables are treated as an extension of investment apart from the initial cost of investment of each Company.*

14. Investment in subsidiaries (continued)

(a) Movements in loan receivables

	Company	
	2023	2022 (Un-audited) (Reclassified)
	S$	S$
Beginning of financial year	**20,179,028**	5,742,100
Additions	**4,005,687**	14,266,899
Interest expense	**231,925**	170,029
End of financial year	**24,416,640**	20,179,028

(b) Impairment testing

	2023	2022 (Un-audited) (Reclassified)
	S$	S$
Nepean River Dairy ("NRD")	**14,339,690**	26,469,886
Nature One Dairy Pty Ltd ("NODF")	**13,235,777**	13,880,283
Nature One Dairy (Hong Kong) Ltd ("NODHK")	**10,881,554**	8,832,240

14. Investment in subsidiaries (continued)

(b) *Impairment testing* (continued)

Management conducted a detailed impairment assessment of its investments in NRD, NODF and NODHK. This assessment involved evaluating the financial performance, cash flow projections, and market conditions relevant to the subsidiary's operations. The recoverable amount of the three CGUs' cost of investment has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1-year projection period approved by management and extrapolated for a further 4 years, together with a terminal value.

Based on the results of the impairment assessment, management determined that there was an indication of impairment in the carrying value of the investment in NRD. As a result, an impairment loss of **S$14,963,000** was recognised in the consolidated statement of comprehensive income for the year ended **30 June 2023**. As a result, the carrying value of the Company's investment in NRD was reduced from **S$29,302,690** to **S$14,339,690**.

Key assumptions used for the discounted cash flow projections for both CGUs:

	NRD	**NODF**	**NODHK**
	%	**%**	**%**
Revenue growth rate during the forecast period	0% - 404.7%	3%	5%
Cost of sales growth rate during the forecast period	6%	3%	5%
Discount rate	14.5%	12%	12%
Terminal growth rate	2.1%	2.1%	0%

Sensitivity

As disclosed in **Note 3(f)**, the directors have made judgements and estimates in respect of impairment testing of the cost of investments. The calculations for discounted cashflow valuation of the CGUs on value-in-use basis were subject to sensitivity testing.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the cost of investment is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount. If there are any negative changes in the key assumptions on which the recoverable amount of cost of investment is based, this would result in an impairment charge.

14. **Investment in subsidiaries** (continued)

Details of the subsidiaries are as follows:

Name	Principal activities	Country of business/ incorporation	Percentage of equity held 2023 %	2022 %
Nature One Dairy (Singapore) Pte. Ltd. [(a)]	Wholesale trade of a variety of goods primarily dairy product.	Singapore	**100**	100
Nature One Dairy Pty Ltd [(b)]	Manufacture of dairy products	Australia	**100**	100
Nepean River Dairy Pty Ltd [(b)]	Manufacture of milk-based products	Australia	**100**	100
Nature One Dairy (Hong Kong) Limited [(c)]	Wholesale trade of a variety of goods primarily dairy product.	Hong Kong	**100**	0
Nature One Dairy Australia Pty Ltd [(d)]	Dormant entity.	Australia	**100**	100
Nature One Dairy (USA) Inc [(d)]	Dormant entity.	The United States of America	**100**	0
Nature One Dairy Company Pty Ltd [(d)]	Delisted entity.	Australia	**0**	100

(a) Audited by Audit Alliance LLP, Singapore
(b) Audited by Bentley Sydney Audit Pty Ltd, Australia
(c) Audited by Ng & Chung CPAs, Hong Kong
(d) Unaudited

15. **Intangible assets**

	Group 2023 S$	Group 2022 S$	Company 2023 S$	Company 2022 (Un-audited) S$
Composition				
Goodwill	**12,932,654**	18,503,882	**-**	-
Brand assets	**8,559,818**	8,427,612	**-**	-
Software	**7,395**	13,145	**-**	-
Patents and trademarks	**273,222**	2,016,946	**14,973**	18,507
Customer relationships	**4,000,329**	4,710,140	**-**	-
	25,773,418	33,671,725	**14,973**	18,507

15. Intangible assets (continued)

(a) Goodwill

	Group	
	2023	2022
	S$	S$
Cost		
Beginning of financial year	**18,503,882**	-
Addition through business combinations (**Note 31**)	**-**	18,503,882
Currency translation differences	**(40,228)**	-
End of financial year	**18,463,654**	18,503,882
Accumulated impairment		
Beginning of financial year	**-**	-
Impairment charge	**5,531,000**	-
End of financial year	**5,531,000**	-
Net book value	**12,932,654**	18,503,882

(b) Brand assets

	Group	
	2023	2022
	S$	S$
Cost		
Beginning of financial year	**8,427,612**	-
Addition through business combinations (**Note 31**)	**-**	8,427,612
Currency translation differences	**132,206**	-
End of financial year	**8,559,818**	8,427,612
Net book value	**8,559,818**	8,427,612

15. Intangible assets (continued)

Impairment testing

Goodwill and Brand Assets acquired through business combinations have been allocated to the following CGUs:

	Goodwill	Brand Assets	Total
	S$	S$	S$
Nepean River Dairy ("NRD")	10,500,947	-	10,500,947
Nature One Dairy Hong Kong (Limited) ("NODHK")	7,962,707	8,559,818	16,522,525
	18,463,654	8,559,818	27,023,472

The recoverable amount of the two CGUs' goodwill and brand asset has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1-year projection period approved by management and extrapolated for a further 4 years, together with a terminal value. Based on the results of the impairment assessment, management determined that there was an indication of impairment in the carrying value of the goodwill in NRD. As a result, an impairment loss of **S$5,531,000** was recognised in the consolidated statement of comprehensive income for the year ended **30 June 2023**. As a result, the carrying value of the Group's goodwill in NRD was reduced from **S$10,500,947** to **S$4,969,947**.

Key assumptions used for the discounted cash flow projections for both CGUs:

	NRD	NODHK
	%	%
Revenue growth rate during the forecast period	0% - 404.7%	5%
Cost of sales growth rate during the forecast period	6%	5%
Pre-tax discount rate	14.5%	12%
Terminal growth rate	2.1%	0%

Sensitivity

As disclosed in **Note 3(g)**, the directors have made judgements and estimates in respect of impairment testing of indefinite useful life intangible assets, being goodwill and brand assets. The calculations for discounted cashflow valuation of the CGUs on value-in-use basis were subject to sensitivity testing.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the goodwill and brand assets is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount. If there are any negative changes in the key assumptions on which the recoverable amount of goodwill and brand assets is based, this would result in an impairment charge.

15. Intangible assets (continued)

(c) Software

	Group and Company	
	2023	2022
	S$	S$
Cost		
Beginning of financial year	**197,315**	201,970
Additions	**-**	5,258
Currency translation differences	**(12,672)**	(9,913)
End of financial year	**184,643**	197,315
Accumulated amortisation		
Beginning of financial year	**184,170**	162,176
Amortisation charge	**5,001**	30,697
Currency translation differences	**(11,923)**	(8,703)
End of financial year	**177,248**	184,170
Net book value	**7,395**	13,145

(d) Patents and trademarks

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Cost				
Beginning of financial year	**2,725,826**	938,733	**31,882**	31,882
Additions	**-**	14,723	**-**	-
Addition through business combinations (**Note 31**)	**-**	1,817,495	**-**	-
Currency translation differences	**(172,394)**	(45,125)	**-**	-
End of financial year	**2,553,432**	2,725,826	**31,882**	31,882
Accumulated amortisation				
Beginning of financial year	**708,880**	274,360	**13,375**	9,841
Amortisation charge	**1,646,610**	458,761	**3,534**	3,534
Currency translation differences	**(75,280)**	(24,241)	**-**	-
End of financial year	**2,280,210**	708,880	**16,909**	13,375
Net book value	**273,222**	2,016,946	**14,973**	18,507

15. Intangible assets (continued)

(e) Customer relationships

	Group	
	2023	2022
	S$	S$
Cost		
Beginning of financial year	**4,807,009**	-
Addition through business combinations (**Note 31**)	**-**	4,807,009
Written off	**(390,354)**	
Currency translation differences	**69,286**	-
End of financial year	**4,485,941**	4,807,009
Accumulated amortisation		
Beginning of financial year	**96,869**	-
Currency translation differences	**(35,885)**	(2,403)
Written off	**(60,423)**	-
Amortisation charge	**485,051**	99,272
End of financial year	**485,612**	96,869
Net book value	**4,000,329**	4,710,140

16. Property, plant and equipment

Group

2023	Plant and Machinery S$	Right-of-use Assets S$	Office Equipment S$	Capital Work-in-progress S$	Leasehold Improvement S$	Total S$
Cost						
Beginning of financial year	41,306,484	9,229,014	127,188	5,251	2,433,702	53,101,639
Addition	154,985	453,707	5,354	77,206	60,638	751,890
Disposal/ write-off	(5,552)	-	(9,572)	-	(178,679)	(193,803)
Currency translation differences	(2,656,860)	(592,751)	(7,885)	(337)	(156,310)	(3,414,143)
End of financial year	38,799,057	9,089,970	115,085	82,120	2,159,351	50,245,583
Accumulated depreciation						
Beginning of financial year	7,215,761	1,844,492	34,657	-	471,854	9,566,764
Depreciation charge for the year	4,153,772	1,403,154	21,669	-	478,802	6,057,397
Disposal/ write-off	(5,552)	-	(9,572)	-	(178,679)	(193,803)
Currency translation differences	(630,627)	(247,801)	35,067	-	(216,532)	(1,059,893)
End of financial year	10,733,354	2,999,845	81,281	-	555,445	14,370,465
Net book value	28,065,703	6,090,125	33,264	82,120	1,603,906	35,875,118

16. Property, plant and equipment (continued)

Company

2023	Office Equipment S$	Total S$
Cost		
Beginning of financial year	7,197	7,197
Write-off	(7,197)	(7,197)
End of financial year	-	-
Accumulated amortisation		
Beginning of financial year	7,197	7,197
Write-off	(7,197)	(7,197)
End of financial year	-	-
Net book value	-	-

16. Property, plant and equipment (continued)

Group

2022	Plant and Machinery S$	Right-of-use Assets S$	Office Equipment S$	Capital Work-in-progress S$	Leasehold Improvement S$	Total S$
Cost						
Beginning of financial year	14,873,685	4,248,857	71,910	-	1,142,546	20,336,998
Addition	197,553	-	12,895	5,251	49,314	265,013
Addition through business combinations (**Note 31**)	26,965,197	5,188,682	45,912	-	1,297,916	33,497,707
Currency translation differences	(729,951)	(208,525)	(3,529)	-	(56,074)	(998,079)
End of financial year	41,306,484	9,229,014	127,188	5,251	2,433,702	53,101,639
Accumulated depreciation						
Beginning of financial year	3,763,250	642,262	31,978	-	264,771	4,702,261
Depreciation charge for the year	3,727,429	1,264,355	4,354	-	225,537	5,221,675
Currency translation differences	(274,918)	(62,125)	(1,675)	-	(18,454)	(357,172)
End of financial year	7,215,761	1,844,492	34,657	-	471,854	9,566,764
Net book value	34,090,723	7,384,522	92,531	5,251	1,961,848	43,534,875

16. Property, plant and equipment (continued)

Company

2022 (Un-audited)	Office Equipment S$	Total S$
Cost		
Beginning and end of financial year	**7,197**	**7,197**
Accumulated amortisation		
Beginning and end of financial year	**7,197**	**7,197**
Net book value	-	-

Right-of-use of asset acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased asset are disclosed in **Note 17(a)**.

17. Leases - The Group as a lessee

Leasehold land and buildings

The Group leases land and buildings for its offices under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Plant and machinery

The Group leases plant and machinery for its production facilities under agreements of between one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

(a) *Carrying amount*

ROU assets classified within plant and equipment

	2023	2022
	S$	S$
Leasehold land and buildings	**6,090,125**	6,992,011
Plant and machinery	**-**	392,511
	6,090,125	7,384,522

(b) *Depreciation charge during the year*

	2023	2022
	S$	S$
Leasehold land and buildings	**1,372,665**	902,332
Plant and machinery	**30,488**	362,023
	1,403,153	1,264,355

(c) *Interest expense*

	2023	2022
	S$	S$
Interest expense on lease liabilities	**284,952**	294,064

(d) *Lease expense not capitalised in lease liabilities*

	2023	2022
	S$	S$
Lease expense – short term leases	**7,500**	-

(e) Total cash outflow for all the leases was **S$ 1,447,921** (2022: S$ 980,429).

(f) Addition of ROU assets during the year were **S$ 453,707** (2022: S$ 5,188,682).

18. Trade and other payables

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Trade payables				
- Non-related parties	**12,611,997**	13,345,630	**21,554**	-
Other payables				
- Subsidiaries	**-**	-	**34,260**	245,600
- Related parties	**796,763**	-	**798,320**	-
- Non-related parties*	**7,547,870**	7,103,890	**6,308,362**	6,476,037
	8,344,633	7,103,890	**7,140,942**	6,721,637
Accruals	**1,401,071**	1,061,285	**330,562**	564,118
	22,357,701	21,510,805	**7,493,058**	7,285,755

*Includes an amount of **S$ 5,385,000** (2022: S$ 5,745,000) relating to a matured convertible note (along with interest and costs), but not repaid as at reporting date and provision for disputed services. Refer **Note 27** for further information.

Trade payables due to non-related parties are unsecured, non-interest bearing and are generally on 30 to 90 days term.

Other payables due to subsidiaries and non-related parties are unsecured, non-interest bearing and repayable on demand.

Other payables due to related parties are unsecured, interest bearing at 10% per annum and repayable on demand.

The carrying amounts of trade and other payables approximate their fair value and are denominated in the following currencies:

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Singapore dollar	**2,371,807**	7,055,273	**1,237,492**	585,395
United States dollar	**44,982**	-	**21,554**	-
Australian dollar	**18,270,952**	14,083,890	**6,234,012**	6,700,360
Hong Kong dollar	**1,490,299**	371,642	**-**	-
Malaysian Ringgit	**179,661**	-	**-**	-
	22,357,701	21,510,805	**7,493,058**	7,285,755

19. Vendor payables

	Group	
	2023	2022 (Un-audited)
	S$	S$
Current		
Vendor payables	**-**	3,836,400
Non-current		
Vendor payables	**10,409,914**	11,096,297
	10,409,914	14,932,697

Vendor payables represent deferred consideration payable to vendors of the milk powder distribution business in Hong Kong.

20. Borrowings

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Current				
Equipment finance facility	**1,107,663**	1,288,446	**-**	-
Insurance premium funding	**68,139**	87,825	**-**	-
Trade finance facility	**1,435,973**	1,149,481	**-**	-
Working capital facility	**237,813**	232,972	**-**	-
Bank overdraft	**288,858**	266,264	**-**	-
Convertible notes	**3,144,568**	6,669,966	**3,144,568**	6,790,525
Other	**-**	288,050	**-**	-
Lease liabilities	**852,780**	1,185,901	**-**	-
	7,135,794	11,168,905	**3,144,568**	6,790,525
Non-current				
Equipment finance facility	**2,431,603**	2,303,772	**-**	-
Working capital facility	**2,316,858**	2,507,567	**-**	-
Lease liabilities	**5,803,448**	6,345,455	**-**	-
	10,551,909	11,156,794	**-**	-
	17,687,703	22,325,699	**3,144,568**	6,790,525

20. Borrowings (continued)

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the statement of financial position date are as follows:

	Group	
	2023	2022
	S$	S$
6 months or less	**1,151,075**	941,516
6 – 12 months	**5,984,719**	10,227,390
1 – 5 years	**7,739,137**	9,233,489
Over 5 years	**2,812,772**	1,923,304
	17,687,703	22,325,699

(b) Fair value of non-current borrowing

	Group	
	2023	2022
	S$	S$
Equipment finance facility	**2,331,355**	2,208,794
Working capital facility	**2,212,854**	2,395,002
Lease liabilities	**5,164,981**	5,705,219

The fair value above is determined from the cash flow analyses, discounted at market borrowings rates of an equivalent instrument at the statement of financial position date which the director expect to be available to the Group as follows:

	Group	
	2023	2022
Equipment finance facility	**4.3%**	4.3%
Working capital facility	**4.7%**	4.7%
Lease liabilities	**4.1%**	4.0%

The carrying amounts of borrowings are denominated in the following currencies:

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Singapore dollar	**384,534**	-	**-**	-
Australian dollar	**17,303,169**	22,325,699	**3,144,568**	6,790,525
	17,687,703	22,325,699	**3,144,568**	6,790,525

20. Borrowings (continued)

(c) Reconciliation of liabilities arising from financial activities

			Non-cash changes			
	1 July 2022 S$	Principal payments S$	Addition during the year S$	Interest expense S$	Foreign exchange movement S$	30 June 2023 S$
Group						
Equipment finance facility	3,592,218	(1,700,023)	1,465,079	420,602	(238,610)	3,539,266
Insurance premium funding	87,825	(157,136)	140,365	2,780	(5,695)	68,139
Trade finance facility	1,149,481	(5,954,492)	6,279,011	36,486	(74,513)	1,435,973
Working capital facility	2,740,539	(116,645)	-	108,836	(178,059)	2,554,671
Convertible notes	6,790,525	(3,699,934)	-	487,847	(433,870)	3,144,568
Other	288,050	(269,549)	-	-	(18,501)	-
Lease liabilities	7,531,356	(1,447,921)	453,707	284,952	(165,866)	6,656,228

20. Borrowings (continued)

(c) Reconciliation of liabilities arising from financial activities (continued)

			Non-cash changes			
	1 July 2021 **S$**	Principal payments **S$**	Addition during the year **S$**	Interest expense **S$**	Foreign exchange movement **S$**	30 June 2022 **S$**
Group						
Equipment finance facility	981,506	(1,078,575)	3,383,677	337,658	(32,048)	3,592,218
Insurance premium funding	159,206	(199,207)	129,602	3,422	(5,198)	87,825
Trade finance facility	1,572,147	(3,844,603)	3,433,154	40,117	(51,334)	1,149,481
Working capital facility	-	(51,129)	2,783,779	7,889	-	2,740,539
Convertible notes	5,073,001	-	-	1,865,700	(148,176)	6,790,525
Other	-	-	288,050	-	-	288,050
Lease liabilities	3,860,622	(980,429)	5,188,682	296,064	(833,583)	7,531,356

20. Borrowings (continued)

(c) Reconciliation of liabilities arising from financial activities

			Non-cash changes			
	1 July 2022	**Principal payments**	**Addition during the year**	**Interest expense**	**Foreign exchange movement**	**30 June 2023**
	S$	**S$**	**S$**	**S$**	**S$**	**S$**
Company						
Convertible notes	**6,790,525**	**(3,699,934)**	**-**	**487,847**	**(433,870)**	**3,144,568**

			Non-cash changes			
	1 July 2021	Principal payments	Addition during the year	Interest expense	Foreign exchange movement	30 June 2022
(Un-audited)	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**
Company						
Convertible notes	5,073,001	-	-	1,865,700	(148,176)	6,790,525

21. Convertible bonds

The Group has convertible notes (notes) outstanding having a face value of **S$2,139,855** (excluding interest and other costs), which have matured as at **30 June 2023**. Interest accrues at the rate of 8% per annum based on the face value of the notes. The notes are convertible into ordinary shares of the Company, upon occurrence of any one of the Initial Public Offering ("IPO") Conversion Trigger Events. The Conversion Price of the notes shall range between 20% discount to the issue price of the shares to investors under the IPO and the valuation cap. The convertible notes are unsecured. Unless earlier converted or extended, the notes will be redeemed for an amount equal to the issue price multiplied by a factor of 1.1 (plus all accrued or unpaid interest). Refer **Note 32** for further information.

The carrying amount of the liability component of the convertible bonds at the statement of financial position date is derived as follows:

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Face value of convertible bonds at issuance	**5,648,160**	5,648,160	**5,648,160**	5,648,160
Equity conversion component on initial recognition	**497,091**	497,091	**497,091**	497,091
Liability component on initial recognition	**5,151,069**	5,151,069	**5,151,069**	5,151,069
Accumulated amortisation of interest expense	**2,353,547**	1,865,700	**2,353,547**	1,865,700
Accumulated payments of interest	**(661,837)**	-	**(661,837)**	-
Redemption of convertible notes	**(3,429,240)**	-	**(3,429,240)**	-
Currency translation differences	**(268,971)**	(226,244)	**(268,971)**	(226,244)
Liability component at end of financial year	**3,144,568**	6,790,525	**3,144,568**	6,790,525

22. Amount due to related parties

The Group received an unsecured loan from Topshield International Pte Ltd, a company associated with the founding directors Nick Dimopoulos and Masie Ng-Dimopoulos Wee Lin. The loan attracts an interest rate of 10% p.a. and is repayable on demand.

23. Lease make good provision

	Group	
	2023	2022
	S$	S$
Non-current		
Provision for lease make good	**26,524**	435,931

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Reconciliation of the movements in make good provision are set out below:

	Group	
	2023	2022
	S$	S$
Beginning of financial year	**435,951**	14,464
Additional provision recognised during the year	**-**	7,188
Additions through business combinations	**-**	415,008
Adjustment made on reclassification	**(381,427)**	-
Currency translation differences	**(28,000)**	(709)
End of financial year	**26,524**	435,951

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

24. Share capital

	No. of ordinary shares		Amount	
	2023	2022	**2023**	2022
			S$	S$
Beginning of financial year	**10,899,346**	7,416,320	**45,254,307**	13,112,041
Shares issued	**1,090,154**	3,722,165	**7,378,814**	34,202,886
Cancellation of shares issued	**-**	(239,139)	**-**	(2,060,620)
End of financial year	**11,989,500**	10,899,346	**52,633,121**	45,254,307

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

The holders of ordinary shares are entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

25. Asset revaluation reserve

	Group	
	2023	2022
	S$	S$
Beginning of financial year	**3,615,265**	3,615,265
Charge to statement of other comprehensive income	**30,852**	-
End of financial year	**3,646,117**	3,615,265

The reserve is used to recognise increments and decrements in the fair value of leasehold land and building.

26. Foreign currency translation reserve

	Group	
	2023	2022
	S$	S$
Beginning of financial year	**895,137**	384,203
Other comprehensive (income) / losses	**(426,771)**	510,934
End of financial year	**468,366**	895,137

The reserve is used to recognise increments and decrements in the foreign currency translation for consolidation purposes.

27. Contingencies

(a) Contingent liabilities

The Group has recently undertaken a court ordered mediation against Bicheno Investments Pty Ltd and Ms. Janet Heather Cameron (and other related parties) towards disputes in relation to convertible notes and provision of services. As at the date of signing the financial statements, a resolution has not been agreed and the Group is continuing to prosecute its claim and defend the counterclaim being made against it.

The Group is party to proceedings initiated against it in the Supreme Court of NSW by a labour hire company. The Group have filed a cross claim due to damages caused and negligent actions by the hire company resulting in losses. The quantum of the initial claim is **S$ 790,357**. The quantum of the Group's cross claim is **S$ 499,701**.

(b) Contingent assets

The Victorian Supreme Court has granted an order for costs to be repaid to the Group following the successful outcome of a court case involving the Group. The Group's legal representatives are in the process of recovering the costs from the defendant.

28. Commitments

	Group	
	2023	2022
	S$	S$
Committed at reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	-	1,133,824

The Group has a contractual commitment to one of its suppliers for the purchase of packaging materials to the sum of **S$ 209,468**.

The group had no other commitments as **at 30 June 2023** and **30 June 2022.**

29. Financial risk management

Financial risk factor

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The management is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by finance personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team. The information presented below is based on information received by key management.

(a) Market risk

(i) Currency risk

The Group's operates in Asia Pacific with dominant operations in Singapore, Australia, and Hong Kong. The Groups regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when future commercial transactions, recognised assets, and liabilities are denominated in foreign currency such as Australian Dollar ("AUD") and Hong Kong Dollar ("HKD"). The Group manages this risk by monitoring the foreign currency exchange rate movements closely to ensure that exposure is minimized.

29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	2023	2022
	S$	S$
Australian Dollar		
Financial assets		
- Cash and cash equivalents (**Note 10**)	**20,759**	1,554,377
- Trade and other receivables (**Note 11**)	**1,048,878**	3,454,352
	1,069,637	5,008,729
Financial liabilities		
- Trade and other payables (**Note 18**)	**18,270,952**	14,083,890
- Borrowings (**Note 20**)	**17,303,169**	22,325,699
	35,574,121	36,409,589
Net financial liabilities	**(34,504,484)**	(31,400,860)
Currency exposure	**(34,504,484)**	(31,400,860)

If the AUD had strengthened/ weakened by **3%** (2022: 2%) against the SGD with all other variables including tax rate being held constant, the Group's profit after tax for the financial year would have been **S$ 1,035,135** (2022: S$ 6,287,017) higher/lower as a result of currency translation gains/ losses on the remaining AUD denominated financial instruments.

29. Financial risk management (continued)

(b) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	2023 **S$**	2022 S$
Hong Kong Dollar		
Financial assets		
- Cash and cash equivalents (**Note 10**)	**310,110**	8,469
- Trade and other receivables (**Note 11**)	**7,163,729**	629,926
	7,473,839	638,395
Financial liabilities		
- Trade and other payable (**Note 18**)	**1,490,299**	371,642
- Vendor payable (**Note 19**)	**10,409,914**	14,932,697
	11,900,213	15,304,339
Net financial liabilities	**(4,426,374)**	(14,665,944)
Currency exposure	**(4,426,374)**	(14,665,944)

If the HKD had strengthened/ weakened by **14%** (2022: 4%) against the SGD with all other variables including tax rate being held constant, the Group's profit after tax for the financial year would have been **S$ 619,693** (2022: S$ 586,638) higher/lower as a result of currency translation gains/ losses on the remaining HKD denominated financial instruments.

The Company's currency exposure based on the information provided to key management is as follows:

	2023 **S$**	2022 (Un-audited) S$
Australian Dollar		
Financial assets		
- Cash and cash equivalents (**Note 10**)	**3,869**	1,493,049
Financial liabilities		
- Trade and other payable (**Note 18**)	**6,234,012**	6,700,360
- Borrowings (**Note 20**)	**3,144,568**	6,790,525
	9,378,580	13,490,885
Net financial liabilities	**(9,374,711)**	(11,997,836)
Currency exposure	**(9,374,711)**	(11,997,836)

29. Financial risk management (continued)

If the AUD had strengthened/ weakened by **3%** (2022: 2%) against the SGD with all other variables including tax rate being held constant, the Company's profit after tax for the financial year would have been **S$ 281,241** (2022: S$ 239,957) higher/lower as a result of currency translation gains/ losses on the remaining AUD denominated financial instruments.

(ii) Price risk

The Group has insignificant exposure to equity price risk as it does not hold significant equity financial assets.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has no significant exposure to market risk for changes in interest rates as it has no interest-bearing borrowings.

(b) Credit risk

(i) Risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and cash equivalent and trade receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

There is no significant concentration of credit risk, whether through exposure to individual customers, specific industry sectors and/ or regions.

29. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Impairment of financial assets

(i) Trade and loan receivables

The Group determined the amount to be impaired on the carrying amount of individual trade receivables to measure the lifetime expected credit losses for trade receivables.

Financial assets that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

The Group does not hold collaterals, the maximum exposure to credit risk to each class of financial instruments are the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group's current credit risk grading framework comprises the following categories:

Category	**Definition of category**	**Basis for recognising expected credit loss (ECL)**
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >180 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
III	Amount is >365 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

29. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Impairment of financial assets (continued)

(i) Trade and loan receivables (continued)

The Group's credit risk exposure in relation to trade receivables as at **30 June 2023** and **30 June 2022** are set out in the provision matrix as follows:

	Current	Within 90 days	Past due 91 to 180 days	More than 180 days	Total
	S$	S$	S$	S$	S$
30 June 2023					
Expected loss rates	**0.0%**	**0.0%**	**0.0%**	**74.11%**	
Trade receivables	**3,608,469**	**3,491,096**	**707,938**	**1,085,153**	**8,892,656**
Loss allowances	**-**	**-**	**-**	**804,181**	**804,181**
30 June 2022					
Expected loss rates	0.0%	0.0%	0.0%	61.6%	
Trade receivables	2,725,058	495,058	234,970	1,312,716	4,767,802
Loss allowances	-	-	-	808,420	808,420

The Company's credit risk exposure in relation to trade and loan receivables as at **30 June 2023** are set out in the provision matrix as follows:

	Current	Within 90 days	Past due 91 to 180 days	More than 180 days	Total
	S$	S$	S$	S$	S$
30 June 2023					
Expected loss rates	**0.0%**	**0.0%**	**0.0%**	**0.0%**	
Trade receivables	**46,548**	**-**	**-**	**-**	**46,548**
Loss allowances	**-**	**-**	**-**	**-**	**-**
Expected loss rates	**0.0%**	**0.0%**	**0.0%**	**0.0%**	
Loan receivables	**1,088,116**	**-**	**-**	**-**	**1,088,116**
Loss allowances	**-**	**-**	**-**	**-**	**-**
30 June 2022					
Expected loss rates	0.0%	0.0%	0.0%	0.0%	
Loan receivables	1,177,906	-	-	-	1,177,906
Loss allowances	-	-	-	-	-

29. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Cash and cash equivalents

The Group held cash and cash equivalents of **S$ 398,813** (2022: S$ 1,705,801) with banks which have high credit ratings based on Standard and Poor and are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash, and available funding through as adequate amount of committed credit facilities sufficient to enable it to meet its operational requirements.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

Group	Weighted average Interest rate %	Carrying amount S$	Contractual cash flow S$	Less than 1 year S$	Between 1 and 5 years S$	Over 5 years S$
30 June 2023						
Trade and other payables	-	22,357,701	22,357,701	22,357,701	-	-
Trade finance facility	2.6%	1,435,973	1,435,973	1,435,973	-	-
Working capital facility	4.7%	2,554,671	2,450,667	237,813	2,212,854	-
Equipment finance facilities	4.3%	3,539,266	3,439,018	1,107,663	2,331,355	-
Insurance funding	5.0%	68,139	68,139	68,139	-	-
Lease liability	4.1%	6,656,228	6,017,761	852,780	2,892,934	2,272,047
Convertible notes	8.0%	3,144,568	3,144,568	3,144,568	-	-
		39,756,546	38,913,827	29,204,637	7,437,143	2,272,047

29. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows. (continued)

Group	Weighted average Interest rate %	Carrying amount S$	Contractual cash flow S$	Less than 1 year S$	Between 1 and 5 years S$	Over 5 years S$
30 June 2022						
Trade and other payables	-	21,510,805	21,510,805	21,510,805	-	-
Trade finance	2.6%	1,149,481	1,149,481	1,149,481	-	-
Working capital facility	4.7%	2,740,539	2,627,974	232,972	2,395,002	-
Equipment finance facilities	4.3%	3,577,790	3,521,294	1,312,500	2,208,794	-
Insurance funding	5.0%	87,825	87,825	87,825	-	-
Lease liability	4.0%	7,531,357	6,891,120	1,185,901	3,626,586	2,078,633
Convertible notes	8.0%	6,669,966	6,669,966	6,669,966	-	-
		43,267,763	42,458,465	32,149,450	8,230,382	2,078,633

29. Financial risk management (continued)

(c) Liquidity risk

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

	Weighted average Interest rate	Carrying amount	Contractual Cash flow	Less than 1 year
	%	S$	S$	S$
30 June 2023				
Trade and other payables	-	**7,493,058**	**7,493,058**	**7,493,058**
Convertible notes	**8%**	**3,144,568**	**3,144,568**	**3,144,568**
		10,637,626	**10,637,626**	**10,637,626**
30 June 2022				
Trade and other payables	-	7,285,755	7,285,755	7,285,755
Convertible notes	**8%**	6,790,525	6,790,525	6,790,525
		14,076,280	14,076,280	14,076,280

d) Capital risk

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The management monitors its capital based on net debts and total capital. Net debts are calculated as trade and other payables plus borrowings, amount due to related parties and vendor payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2023	2022	**2023**	2022 (Un-audited)
	S$	S$	**S$**	S$
Net debt	**50,672,771**	57,073,100	**10,935,855**	12,575,800
Total equity	**18,796,497**	24,270,443	**28,681,262**	38,050,857
Total capital	**69,469,268**	81,343,543	**39,617,117**	50,626,657
Gearing ratio	**73%**	70%	**28%**	25%

29. Financial risk management (continued)

(e) Financial instruments by category

	2023 S$	2022 S$
Group		
Financial assets, at amortised cost	**8,799,532**	5,748,036
Financial liabilities, at amortised cost	**51,071,584**	58,760,901
Company		
Financial assets, at amortised cost	**1,148,143**	2,678,386
Financial liabilities, at amortised cost	**10,939,767**	14,076,280

30. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transaction took place between the Group and related parties during the financial year:

(a) Transactions with related parties

	Group	
	2023 S$	2022 S$
Rental expenses from related parties	-	260,225
Consultancy and Corporate advisory fees from related parties	**437,445**	1,210,493

Other related parties comprise mainly companies which are controlled or significantly influenced by the Company's key management personnel and their close family members.

Outstanding balances with related parties at the statement of financial position date are set out in **Note 18** and **Note 22** respectively.

There is no key management personnel compensation during the year.

31. Business combinations

Acquisition of the milk powder distribution business from Fei Fah Medibalm (HK) Co. Hong Kong

Nature One Dairy (Australia) Pte Ltd, through its subsidiary, Nature One Dairy (Hong Kong) Limited entered into an agreement dated 22 April 2022 with Mr. Lau Guan Chew t/a Fei Fah Medibalm (HK) Co. ("Fei Fah") to acquire 100% of the milk powder distribution business and business assets of Fei Fah based in Hong Kong for a total consideration of $24.9 million, which will be settled by the issues of the ordinary shares of the Company. The effective date of acquisition is 1 June 2022. The goodwill of $8.9 million represents expected synergies from the business combination. The acquired business contributed revenues of $0.4 million and loss after tax of $0.1 million to the consolidated entity for the period from 1 June 2022 to 30 June 2022. If the acquisition occurred on 1 July 2021, the full year contributions would have been revenues of $16.8 million. The values identified in relation to the acquisition of the business are final as at 30 June 2022.

Details of the acquisition are as follows:

	Nepean River Dairy Pty Ltd Fair value S$	**Milk powder distribution business of Fei Fah Group Fair value** S$
Cash and cash equivalents	**45,027**	-
Trade and other receivables (refer note 1 below)	**1,407,859**	-
Inventories	**3,543,965**	2,922,416
Other current assets	**59,248**	286,985
Property, plant and equipment	**28,309,025**	-
Right-of-use assets	**5,188,682**	-
Patents and trademarks	**1,817,495**	-
Brand assets	**-**	8,427,612
Customer relationships	**390,354**	4,416,655
Deferred taxes	**(5,234,769)**	(728,916)
Trade and other payables	**(10,341,101)**	-
Lease Liabilities	**(4,777,221)**	-
Provisions	**(597,436)**	(47,434)
Other current liabilities	**(937,158)**	-
Borrowings	**(6,412,241)**	-
Net assets acquired	**12,461,729**	15,277,318
Goodwill	**9,931,936**	8,571,946
Acquisition date fair value of total consideration	**22,393,665**	23,849,264

31. Business combinations (continued)

	Nepean River Dairy Pty Ltd Fair value S$	Milk powder distribution business of Fei Fah Group Fair value S$
Representing:		
Shares issued to vendor	**22,393,665**	8,916,567
Deferred consideration - equity shares	**-**	14,932,697
	22,393,665	23,849,264
Acquisition costs expensed to profit or loss	**832,504**	549,123

***Note 1: Fair value of trade receivables in Nepean River Dairy*:**
The fair value of trade receivables is S$1,407,859. The gross contractual amount for trade receivables due is S$3,035,706, of which S$1,627,847 is not expected to be collected.

	Nepean River Dairy Pty Ltd Fair value S$	Milk powder distribution business of Fei Fah Group Fair value S$
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	**22,393,665**	23,849,264
Less: Cash and cash equivalents acquired	**(45,027)**	-
Less: Issue of equity shares	**(22,393,665)**	(8,916,567)
Less: Deferred consideration – equity shares	**-**	(14,932,697)
Net cash used	**(45,027)**	-

32. Events occurring after statement of financial position date

The shareholders in their general meeting dated **20 December 2023** approved the issue of **429,752** fully paid ordinary shares in the capital of the Company in consideration for conversion of **44** convertible notes which matured on **30 June 2022**, resulting in conversion of **$2.3 million** of convertible notes (having a total face value of **S$1.97 million** plus applicable interest and charges).

33. Prior year reclassification

Certain line items have been amended on the face of statement of financial position as a result of the reclassification to comparative figures, and to be consistent with current year's presentation as follows:

	Previously reported S$	Prior year reclassification S$	After reclassification S$
Current asset			
Loan receivables	**21,356,934**	**(20,179,028)**	**1,177,906**
Non-current asset			
Investment in subsidiaries	**29,257,226**	**20,179,028**	**49,436,254**

34. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2023 and which the Group has not early adopted:

Amendments to FRS 1 Presentation of Financial Statements: *Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)*

The narrow-scope amendments to FRS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what FRS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

34. New or revised accounting standards and interpretations (continued)

Amendments to FRS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to FRS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and

- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

FRS 12 did not previously address how to account for the tax effects of on-statement of financial position leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

35. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Director of **NATURE ONE DAIRY (AUSTRALIA) PTE. LTD.** on 20 MAY 2024.