

KUNGSLEDEN, INC.

Consolidated Financial Statements

As of June 30, 2024 and December 31, 2023

and for the Six Months Ended June 30, 2024 and 2023

KUNGSLEDEN, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>NOTE</u>	<u>AS OF</u> <u>JUNE 30, 2024</u> <u>USD</u> <u>(UNAUDITED)</u>	<u>AS OF</u> <u>DECEMBER 31, 2023</u> <u>USD</u>
ASSETS			
Non-current assets			
Property, plant, and equipment	5	\$ 3,363,754	\$ 3,467,409
Deposits	2	1,157,659	2,814,735
Cryptocurrencies	6	11,384	40,849
Right-of-use assets	7	942,298	999,436
Interest in an associate	8	414,842	-
Total non-current assets		5,889,937	7,322,429
Current assets			
Cash and cash equivalents	2	243,508	92,385
Trade receivables	9	1,002,220	1,010,444
Prepayment and other current assets	10	846,357	329,999
Total current assets		2,092,085	1,432,828
Total Assets		\$ 7,982,022	\$ 8,755,257
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	\$ 882,884	\$ 908,967
Other non-current liabilities	11	519,183	2,345,886
Total non-current liabilities		1,402,067	3,254,853
Current liabilities:			
Trade payables	2	334,542	1,275,455
Accrual and other payables	12	1,651,703	654
Amount due to related parties	13	-	1,843,604
Contract liabilities	2	281,539	240,863
Income tax payable	15	1,225,923	603,029
Lease liabilities	7	76,956	102,358
Total current liabilities		3,570,663	4,065,963
Total Liabilities		\$ 4,972,730	\$ 7,320,816
Net Assets		\$ 3,009,292	\$ 1,434,441
CAPITAL AND RESERVES			
Share capital	14	\$ 1,000	\$ 1,000
Retained profits		3,008,292	1,433,441
Total Equity		\$ 3,009,292	\$ 1,434,441

The accompanying notes are an integral part of these unaudited consolidated financial statements.

KUNGSLEDEN, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		FOR THE SIX MONTHS ENDED JUNE 30, 2024	FOR THE SIX MONTHS ENDED JUNE 30, 2023
	<u>NOTE</u>	<u>USD</u>	<u>USD (COMBINED)</u>
Revenues		\$ 8,512,903	\$ 3,362,227
Cost of revenues		5,885,382	2,390,254
Gross profit		<u>2,627,521</u>	<u>971,973</u>
Selling, general and administrative expenses		(461,954)	(29,253)
Depreciation and amortization expense	5, 7	(287,356)	(158,560)
Impairment loss on cryptocurrencies	6	(3,527)	(55)
Realized gain on disposal of cryptocurrencies	6	6,659	40,063
Profit from operations		1,881,343	824,168
Interest income	16	911	1,513
Other income	16	300,000	17,960
Share of profit of an associate	8	33,846	-
Interest accretion on lease liabilities	7	(14,515)	(10,426)
Profit before taxation		2,201,584	833,215
Income taxes provision	15	(626,733)	(140,980)
Profit for the period	16	<u>\$ 1,574,851</u>	<u>\$ 692,235</u>
Earnings per share			
Basic and diluted	2	<u>\$ 1.57</u>	<u>\$ 1.44</u>
Weighted average number of shares outstanding			
Basic and diluted	2	<u>1,000,000</u>	<u>1,000,000</u>

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KUNGSLEDEN, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

	FOR THE SIX MONTHS ENDED JUNE 30, 2024		
	Share Capital	Retained Profits	Equity
	USD	USD	USD
Balance as of December 31, 2023	\$ 1,000	\$ 1,433,441	\$ 1,434,441
Profit for the period	-	1,574,851	1,574,851
Balance as of June 30, 2024 (Unaudited)	\$ 1,000	\$ 3,008,292	\$ 3,009,292

	FOR THE SIX MONTHS ENDED JUNE 30, 2023		
	Share Capital	(Accumulated Deficit)/ Retained Profits	Equity/ (Deficit)
	USD	USD	USD
Balance as of December 31, 2022 (Combined)	\$ -	\$ (177,695)	\$ (177,695)
Profit for the period	-	692,235	692,235
Balance as of June 30, 2023 (Unaudited)	\$ -	\$ 514,540	\$ 514,540

The accompanying notes are an integral part of these unaudited consolidated financial statements.

KUNGSLEDEN, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE SIX MONTHS ENDED JUNE 30, 2024	FOR THE SIX MONTHS ENDED JUNE 30, 2023
	USD	USD (COMBINED)
Operating Activities:		
Profit for the period	\$ 1,574,851	\$ 692,235
Adjustments for:		
Revenues recognized on acceptance of cryptocurrencies	(120,161)	(215,508)
Income tax expense	622,894	140,980
Depreciation	230,218	124,143
Amortization of right-of-use assets	57,138	34,417
Impairment loss on cryptocurrencies	3,527	55
Interest income	(911)	(1,513)
Interest accretion on lease liabilities	14,515	10,426
Gain on disposal of cryptocurrencies	(6,659)	(40,063)
Gain on disposal of an associate's interest	(300,000)	-
Share of profits of an associate	(33,846)	-
Operating cash flows before movements in working capital	<u>2,041,567</u>	<u>745,172</u>
Movements in working capital:		
Decrease/(Increase) in trade receivables	8,224	(1,161,919)
Decrease/(Increase) in deposit	1,657,076	(1,470,000)
Increase in prepayment and other current assets	(516,358)	-
Decrease in trade payables	(940,913)	(53,686)
Increase in accruals and other payables	1,651,049	-
Increase in contract liabilities	40,676	2,246,336
Decrease in other non-current liabilities	(1,826,703)	-
Cash Generated from Operating Activities	<u>2,114,617</u>	<u>305,903</u>
Net Cash Generated from Operating Activities	<u>2,114,617</u>	<u>305,903</u>
Investing Activities:		
Investment in an associate	(380,996)	-
Purchase of property, plant and equipment	-	(1,160,492)
Proceeds from disposal of cryptocurrencies	152,758	230,571
Interest received	911	1,513
Net Cash Used in Investment Activities	<u>(227,327)</u>	<u>(928,408)</u>
Financing Activities:		
(Decrease)/Increase in amount due to related parties	(1,670,167)	625,849
Payments of lease liabilities	(66,000)	(40,000)
Net Cash (Used in) Generated from Financing Activities	<u>(1,736,167)</u>	<u>585,849</u>
Net increase (decrease) in cash & cash equivalent	151,123	(36,656)
Cash & cash equivalents at beginning of period	92,385	217,997
Cash, end of period	<u>\$ 243,508</u>	<u>\$ 181,341</u>
Supplemental Disclosure of Cash Flow Information:		
Unpaid purchase of equipment acquired through a related party	<u>\$ 126,563</u>	<u>\$ 1,160,492</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

KUNGSLEDEN, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Organization and nature of business

General information

Kungsleden, Inc. (“Kungsleden” or the “Company”) is a Delaware corporation incorporated on September 13, 2023. The Company is primarily engaged in the hosting services to digital asset mining customers (“Kungsleden Business”).

On November 15, 2023, Tirpitz Technology HoldCo LLC (“Tirpitz”) was formed in the State of Tennessee as a limited liability company, where the Company holds 100% of the member interest. On January 10, 2024, the Company sold 75% of its member interest to the other four members which resulted in de-consolidation of the Tirpitz.

Reorganization

Transformation from a Trust to a Corporation under common control

For the period from May 11, 2022 through December 31, 2022 and for the period from January 1, 2023 to September 12, 2023, the Kungsleden Business was operated through Poimen Trust (“Poimen”), a trust certified under the State of Tennessee, controlled by the shareholders of the Company, and its wholly subsidiary, Sentinel Technology, LLC (“Sentinel”), a limited liability company in the State of Delaware formed on May 11, 2022, which was acquired by Poimen under common control by the shareholders of the Company at historical book values on August 12, 2022, the date on which Poimen was certified. The trustees and beneficiaries of Poimen also are the shareholders of the Company. The Company was created to transform the Kungsleden Business from a Trust to a Corporation through a reorganization under common control (“Transformation”). The Transformation resulted in the transfer of all assets and liabilities and contracts related to the Kungsleden Business at their historical book values from Poimen to the Company on September 13, 2023, the date on which the Company was incorporated.

Recent development

On March 6, 2024, Kungsleden entered into a share exchange agreement (the “Share Exchange Agreement”), providing for a merger with Cathedra Bitcoin Inc. (“Cathedra”). Pursuant to the Share Exchange Agreement, it is expected that Cathedra will acquire all of the outstanding shares of Kungsleden from Kungsleden shareholders in exchange for proportionate voting shares of Cathedra. The transaction will constitute a reverse takeover of Cathedra, such that, upon closing, the former Kungsleden shareholders will own (on a non-diluted basis) approximately 72.5% of the equity of Cathedra as it exists on closing, and Kungsleden will become a wholly owned subsidiary of the resulting issuer.

Note 2 — Significant accounting policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with International Accounting Standards 34 ‘Interim Financial Reporting’ using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretation of the Interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”), and on a basis consistent with the accounting policies disclosed in the Company’s audited financial statements for the year ended December 31 2023 and for the periods from May 11, 2022 (inception) through December 31, 2022.

Preparing combined financial statements of Kungsleden Business

Pursuant to the Reorganization discussed in Note 1, the Company prepared the combined financial statements to capture the Kungsleden Business, which has historically operated under Poimen prior to for the period from May 11 2022 through December 31, 2022 and for the period from January 1, 2023 to September 12, 2023. The term “combined financial statements” is used when referring to financial information prepared by aggregating financial statements of

separate entities or components of groups that fail to meet the definition of a “group” under IFRS 10 *Consolidated financial statement*. The combined financial statements are based on financial statements that were prepared using only historical information. A key assumption underlying the preparation of combined financial statements is that there is a binding element for the economic activities throughout the period presented. The combined financial statements of the Company have been prepared by aggregating the financial information of the Kungsleden Business that was bound together by common control but was not a legal group.

Consolidation

Beginning on September 13, 2023, the date on which the Company was incorporated, the Company’s financial information is prepared on a consolidated basis, for which the consolidation policies are described below.

The Company’s consolidated financial statements reflected the operating activities from Tirpitz from November 15, 2023 through January 10, 2024 in accordance with International Financial Reporting Standards (“IFRS”) 10. Upon the Company losing operating control of Tirpitz on January 10, 2024 when the Company sold its 75% member interest to the other four members, the Company no longer consolidate Tirpitz’ Company’s financial information into its consolidated financial statements.

Subsidiaries are all entities over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between the Company and its subsidiaries are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Basis of Accounting

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional and Presentation Currency

These consolidated financial statements are presented in U.S. dollars (“USD” or “US\$” or “\$”), which is the Company’s functional currency.

Use of Estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRSs that have significant effects on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

Property, Plant, and Equipment, net

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses, if any.

Property, plant and equipment are recorded at purchase cost. Direct labor and other directly attributable costs incurred to construct new assets and upgrade existing assets are capitalized. Repairs and maintenance expenditures are

recognized in the consolidated statements of operations as incurred. Significant renewals and betterments are capitalized.

Property, plant and equipment are depreciated using the straight-line method based on the estimated useful lives of the assets as follows:

Categories	Useful Life
Equipment	5 years
Mining containers	5 years
Electrical infrastructure	10 – 12 years
Land	Infinite

Land acquired by the Company has an infinite useful life and therefore is not depreciated.

The depreciation method, useful life and residual value of an asset are reviewed at least at each financial year-end and adjusted, if appropriate.

When assets are retired or otherwise disposed of, their cost and the related accumulated depreciation are derecognized from the consolidated statements of financial position and the resulting gains or losses on the disposal or sale of the assets are recognized in the consolidated statements of operations.

An asset under construction is stated at cost until the construction is completed, at which time it is reclassified to the property, plant and equipment account to which it relates. During the construction period until the asset is ready for its intended use or sale, borrowing costs, which include interest expense, are capitalized in proportion to the average amount of accumulated expenditures during the period. Capitalization of borrowing costs ceases when the construction is completed, and the asset is ready for its intended use or sale.

Deposits

Deposit mainly consisted of the security deposits paid for electricity usage for its Cryptocurrency mining operations. As of June 30, 2024 and December 31, 2023, the Company had deposits balance of \$1,157,659 and \$2,814,735, respectively. Two of the power contracts are for an initial term of 60 months until October 2027 and March 2028, respectively, and thereafter in 12 months increments until terminated by either party giving to the other 4 months' notice in writing. One of the power contracts is for a term of 72 months until July 2029 and thereafter in 12 months increments until terminated by either party giving to the other 4 months' notice in writing.

Cryptocurrencies

Cryptocurrencies are, by their nature, identifiable non-monetary assets that lack physical substance. Future economic benefits attributable to these cryptocurrencies are expected to flow to the Company because these cryptocurrencies can be exchanged for fiat currencies. Furthermore, the cost of the Company's cryptocurrencies can be measured using the quoted price of such cryptocurrencies at the time the fair value is being measured.

The Company accounts for the cryptocurrencies as intangible assets with indefinite useful lives in its consolidated statements of financial position because, at the time of assessment, there is no foreseeable limit to the period over which such assets are expected to generate cash flows.

The Company further adopts the cost model to account for cryptocurrencies and reviews their useful life and impairment at each reporting date in accordance with IAS 38 Intangible Assets. The Company accounts for cryptocurrencies at cost, instead of revaluing these cryptocurrencies at their fair value on each accounting reference date, because the latter model is subject to inherent and substantial volatility in the value of these cryptocurrencies from time to time. In addition, the Company believes that the cost model better reflects the Company's business model, as the Company is not engaged in the cryptocurrency trading business.

Gains or losses arising from the disposal of cryptocurrencies are determined as the difference between the net disposal proceeds and the carrying amount of the assets. The Company recognizes realized gains or losses on the date of the disposal using the first-in-first-out method of accounting.

The Company presents the revenue recognized on the acceptance of cryptocurrencies, which is a non-cash item, as an adjustment to remove the non-cash item for the cash flows from operating activities and the disposals of cryptocurrencies received in revenue arrangements are presented as cash flows from investing activities in the consolidated statements of cash flows.

Leases

The Company accounts for leases under IFRS 16 Leases. At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or 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.

At inception or on a reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

At the lease commencement date, the Company recognizes a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Company enters into a lease in respect of a low-value asset, the Company decides whether to capitalize the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalized are recognized as an expense on a systematic basis over the lease term.

Where the lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortized cost and interest expense is calculated using the effective interest method. Variable lease payments linked to the use of an underlying asset are excluded from the measurement of lease liabilities.

The right-of-use asset recognized when a lease is capitalized is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are 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 unexpired term of the lease. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognized when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the Company's best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Whenever the Company incurs an obligation for costs to restore a leased asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Company will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Investment in an associate

The Company accounted for investment in an associate in accordance with IAS 28. An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Company for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company assesses whether there is objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Company reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in the other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Company, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash in banks and on hand and short-term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value and are within three months of maturity at acquisition. The Company had no cash equivalents as of June 30, 2024 and December 31, 2023.

Trade Receivables

Trade receivables are recognized when the Company has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Trade receivables are stated at amortized cost, less a loss allowance based on lifetime expected credit losses at each reporting date.

Prepayment and other current assets

Prepaid expenses and other current assets primarily include prepaid expenses paid to service providers, and certain security deposits.

Credit Losses and Impairment of Assets

(i) Credit losses from financial instruments at amortized cost

The Company recognizes a loss allowance for expected credit losses ("ECL") on financial assets, such as trade receivable, which are measured at amortized cost;

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

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

In measuring ECLs, the Company takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECL on this type of financial asset is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Company recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in the credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Company considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Company in full and without recourse. The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past-due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss.

The Company recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Impairment and write-off policy

At each reporting date, the Company assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- lease right-of-use assets;
- cryptocurrencies.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for cryptocurrencies, the recoverable amount is estimated at each reporting date whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

The recoverable amount of cryptocurrencies is based on the fair value less costs of disposal. The fair value of these cryptocurrencies is measured using the quoted price of these cryptocurrencies at the time the fair value is being measured.

- Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill (if any) allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro-rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

Trade Payables

Trade payables are obligations to pay for goods and/or services that have been acquired from suppliers in the ordinary course of business.

Advances from Customers

Advances from customers represents amounts advanced by customers for hosting services. Advances from customers is reduced when the related revenue is recognized in accordance with the Company's revenue recognition policy.

Revenue Recognition

The Company's revenues are derived from the mine hosting services.

Revenue is recognized when control over goods or services is transferred to the customer, at the amount of promised consideration to which the Company is expected to be entitled. Revenue excludes sales taxes and is after deduction of trade discount, if any

Revenue is recognized applying the following five steps:

- (i) Identify the contract with the customer;
- (ii) Identify the performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations in the contract; and
- (v) Recognize revenue when (or as) the Company satisfies a performance obligation.

For arrangements priced at fiat currency, the Company recognizes revenue based on the contract price. For arrangement priced at cryptocurrency, the Company recognizes revenue based on the spot price of the cryptocurrency to fiat currency on the date when it is earned.

Hosting service

The Company hosts and provides energized space and operating and maintenance services to third-party mining companies who locate their mining hardware at its data center. The Company accounts for these agreements as a single performance obligation for services being delivered in a series with delivery being measured by monthly hosting fees of the mining hardware. As such, the Company recognizes revenue over the life of the contract as its series of distinct services are performed over the term of the contracts with its customers. The Company does not have any significant warranty obligations. The Company has determined that the contracts do not contain a significant financing component

because the expected length of time between the transfer of services and receipt of consideration is less than one year, which are typically one month or less.

For certain contracts, the Company may also be entitled to a monthly noncash profit sharing fee, which is primarily based on the actual number of bitcoin mined by the customer's hosted mining equipment during the month. The noncash consideration is paid in bitcoin. Noncash consideration is measured at fair value at contract inception with changes in fair value attributable to reasons other than the form of consideration (other than price if bitcoin) measured as variable consideration (subject to the constraint on variable consideration) and recognized as hosting services are performed. The Company measures the profit sharing fee at fair value at contract inception. This amount is recognized in revenue as services are performed. Changes in fair value of the noncash consideration related for reasons other than changes in form are recognized at the end of each month as the related uncertainty is resolved and amount becomes known.

Contract assets and liabilities

A contract asset is recognized when the Company recognizes revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses and are reclassified to receivables when the right to the consideration has become unconditional. As of June 30, 2024 and December 31, 2023, the Company did not have any contract assets.

A contract liability is recognized when the customer pays consideration for goods or services before the Company recognizes the related revenue. A contract liability would also be recognized if the Company has an unconditional right to receive non-refundable consideration before the Company recognizes the related revenue. In such cases, a corresponding receivable would also be recognized. As of June 30, 2024 and December 31, 2023, the Company had contract liabilities, presented as advances from customers on the consolidated statements of financial position, of \$281,539 and \$240,863, respectively.

Cost of Revenues

Cost of revenue consists primarily of electricity used to host its data center.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of employee compensation, professional services fees, and other expenses for site management usage.

Income Taxes

Prior to the reorganization on September 12, 2023, earnings and losses are included in the personal income tax return of the Company's shareholders. As a result, the Company does not incur any income tax obligation and the financial statements do not include a provision for income taxes.

Current and deferred income taxes are recognized as income or expense and included in the consolidated statements of profit or loss. Current income tax assets and liabilities are measured at the amounts expected to be recovered or paid by using the tax rates and tax laws that have been enacted or substantively enacted at each reporting date. Management periodically evaluates positions taken in the tax reporting process with respect to situations in which applicable tax regulation is subject to interpretation. Where appropriate, management establishes provisions based on the amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from the temporary differences arising from goodwill not deductible for tax purposes, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Deferred tax assets and liabilities are measured using enacted or substantively

enacted tax rates and tax laws at each reporting date which are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced if it is no longer probable that sufficient taxable profit will be available to compensate part or all of the benefits of deferred tax assets. Unrecognized deferred tax assets are re-assessed at each reporting date and recognized if it is probable that future taxable profits will be available for recovery. Tax deductions arising from the reversal of deferred tax assets are excluded from estimates of future taxable income.

Deferred tax assets and liabilities are offset in the consolidated statements of financial position, if and only if it has a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same Tax Authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The Company determines the recognition and measurement of tax assets and liabilities that contain uncertainty over income tax by considering the assumptions used in the examination of tax treatments by the tax authorities, the probability that the tax authorities will accept uncertain tax treatment and re-consideration or estimation if there is a change in facts and circumstances.

If the acceptance of tax treatment is probable, the measurement is in line with income tax fillings. If the acceptance of tax treatment is not probable, the Company uses tax amounts using the method that provides a better prediction of resolution (i.e., most likely amount or expected value). Due to the complexity of some of these uncertainties, their ultimate resolution may result in payments that are materially different from current estimates. Any such differences will be reflected as adjustments to income tax expenses in the periods in which they are determined.

Related Party Transactions

A party is considered to be related to the Company if:

- (a) The party is a person or a close member of that person's family and that person
 - i. has control or joint control over the Company;
 - ii. has significant influence over the Company; or
 - iii. is a member of the key management personnel of the Company or a parent of the Company;
- (b) The party is an entity when any of the following conditions applies:
 - i. the entity and the Company are members of the Company;
 - ii. one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - iii. the entity and the Company are joint ventures of the same third party;
 - iv. one entity is a joint venture of a third party and the other entity is an associate of the third entity;
 - v. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
 - vi. the entity is controlled by a person identified in (a);
 - vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - viii. the entity, or any member of the Company of which it is a part, provides key management personnel services to the Company or the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Transactions involving related parties cannot be presumed to be carried out on an arm's-length basis, as the requisite conditions of competitive, free-market dealings may not exist. Representations about transactions with related parties, if made, shall not imply that the related party transactions were consummated on terms equivalent to those that prevail in arm's-length transactions unless such representations can be substantiated.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The timing or amount of the outflow may still be uncertain. Provisions are measured using the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account risks and uncertainties associated with the obligation. Provisions are discounted where the time value of money is considered material.

Earnings Per Share

Basic earnings per share is computed by dividing the income attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is computed by dividing the income attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, after adjusting for the effects of the dilutive potential common stock. For the six months ended June 30, 2024 and 2023, there were no dilutive potential common stock. As a result, diluted earnings per share is the same as basic earnings per share for the period presented.

Segment Information

Operating segments are identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances.

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to the transactions with other components of the same entity);
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segments and assess its performance; and
- for which discrete financial information is available.

The chief operating decision maker makes resource allocation decisions based on internal management functions and assesses the Company's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

Initial Application of New or Amended Standards During the Reporting Periods

As from January 1, 2023, the Company adopted the following recently issued or amended standards. These new standards are not expected to have any significant impact on the Company's consolidated financial statements.

Standard/Interpretation	Application Date of Standard	Application Date for the Company
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IFRS 17, Insurance Contracts and Amendments to Address Concern and Implementation Challenges	January 1, 2023	January 1, 2023
Amendments to IFRS 4, Expiry Date of the Deferral Approach	January 1, 2023	January 1, 2023
Amendments to IAS 1, Making Materiality Judgment	January 1, 2023	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of Accounting Policies	January 1, 2023	January 1, 2023
Amendments to IAS 8, Definition of Accounting Estimates	January 1, 2023	January 1, 2023
Amendments to IAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023	January 1, 2023
Initial Application of IFRS 17 and IFRS 9 – Comparative Information	January 1, 2023	January 1, 2023
Amendments to IAS 1, Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies	January 1, 2024	January 1, 2024
Amendments to IAS 1, Classification of Debt with Covenants	January 1, 2024	January 1, 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	January 1, 2024	January 1, 2024
Amendments to IFRS 16, Lease Liability in a Sale-and Leaseback	January 1, 2024	January 1, 2024

New Standards and Interpretations Not Yet Adopted

Up to the issuance date of these financial statements, the IASB has issued the following amendments, which are not yet effective for the six months ended June 30, 2024 and 2023 and which have not been adopted in these financial statements.

Standard/Interpretation	Application Date for the Company
Amendments to IAS 21 – Lack of Exchangeability	January 1, 2025
IFRS 18, Presentation and Disclosures in Financial Statements	January 1, 2027
IFRS 19, Subsidiaries without Public Accountability	January 1, 2027
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Will be determined at a future date

Note 3 – Use of Judgments and Estimates

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may not be equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of Property, Plant, and Equipment

Depreciation on the Company’s property, plant and equipment is calculated using the straight-line method to allocate costs up to residual values over the estimated useful lives of the assets. The Company reviews the useful lives and residual values at least at each financial year-end and adjusted, if appropriate, to ensure that the method and rates of depreciation are consistent with the expected pattern of realization of economic benefits from the assets. The Company estimates the useful lives of assets based on historical experience, taking into account anticipated technological changes. If there are significant changes from previously estimated useful lives, the amount of depreciation expenses may change.

Cryptocurrency Accounting

The cryptocurrency market is still a new market and is highly volatile and historical prices are not necessarily indicative of future value. A significant change in the market prices for cryptocurrencies would have a significant impact on the Company’s earnings and financial position.

If circumstances indicate that the carrying amount of cryptocurrencies may not be recoverable, the assets may be considered “impaired”, and an impairment loss may be recognized in accordance with the accounting policy for impairment of cryptocurrencies as described in Note 2.

When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is based on the fair value less costs of disposal.

The fair value of the cryptocurrencies is measured at quoted price at the time the fair value of cryptocurrencies is being measured, which the Company considers to be predominantly a Level 1 fair value input under IFRS 13 Fair Value Measurement fair value hierarchy. Changes in these estimates could have a significant impact on the amount of the assets and could result in additional impairment charges or reversal of impairment and gain or loss from changes in fair value in future periods.

Fair Value of Financial Assets at Fair Value through Profit or Loss

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The type and level of judgment required is dependent on the amount of observable market-based data available to the Company. For financial assets valued using valuation models and techniques that use significant unobservable inputs and are therefore classified within level 3 of the fair value hierarchy, judgments used to estimate fair value are more significant than those required when estimating the fair value of instruments classified within levels 1 and 2.

In determining the estimate of fair value for an instrument within level 3, the management firstly determines the appropriate and reasonable valuation model and technique to use. Second, the lack of availability of market-based data requires management to assess relevant empirical data in deriving valuation inputs with significant judgements and assumption.

Estimation of unobservable market inputs or other factors can affect the amount of gain or loss recorded in the reporting period and the amount of the position as at year end. The Company believes the estimates applied to be based on reasonable assumptions, but which are inherently uncertain. As a result, actual results may differ from the assumptions and judgments used to determine fair value of the financial instruments acquired. Changes in these estimates and assumptions and valuation model or techniques may have a material effect on the Company’s financial condition and results of operations.

Note 4 – Financial Risk Management and Fair Values of Financial Instruments

Financial Risk Factors

The Company is exposed to various market risks including cryptocurrency risk and interest rate risk, as well as credit risk, liquidity risk and concentration risk. The Company has designed and implemented various risk management strategies, discussed further below, to ensure the exposure to these risks is consistent with its risk tolerance and business objectives.

(a) Market risk

i. Cryptocurrency risk

The Company is exposed to cryptocurrency risk as it yields cryptocurrencies from certain revenue arrangements. The Company recognizes revenue based on the spot fair value of cryptocurrencies on the day they are earned, but the value of the cryptocurrencies is subject to change on the date they are disposed of for fiat currency.

Cryptocurrency prices are affected by various forces including global supply and demand, interest rates, exchange rates, inflation or deflation and the global political and economic conditions. The profitability of the Company is highly correlated to the current and future market price of cryptocurrencies and a decline in the market prices for cryptocurrencies could negatively impact the Company’s future operations. In addition, the Company may not be able to liquidate its holdings of cryptocurrencies at its desired price if required, or, in extreme market conditions, the Company may not be able to liquidate its holdings of cryptocurrencies at all.

Cryptocurrencies have a limited history, and the fair value of cryptocurrencies has been very volatile. The historical performance of cryptocurrencies is not indicative of their future price performance. The cryptocurrencies involved in the Company's operation are currently primarily based on bitcoin. The Company currently does not use any derivative contracts to hedge its exposure to cryptocurrency risk, but management closely monitors the impact of the mainstream cryptocurrency exchange market on the change of exchange rates from cryptocurrency to fiat currency. The Company limits its exposure to the cryptocurrency risk by including in its operation strategy to dispose of the cryptocurrencies for fiat currency shortly after they are earned.

ii. Interest rate risk

The Company's interest rate risk is primarily attributable to bank deposits and borrowings. Bank deposits, and borrowings at variable rates and fixed rates expose the Company to cash flow interest rate risk and fair value interest rate risk respectively. Management closely monitors the fluctuation of such rates periodically.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. Credit risk arises mainly from cash deposited in the banks and cryptocurrencies held in custody.

To manage risk arising from cash and cash equivalents, the Company only transacts with reputable financial institutions. There has been no recent history of default in relation to these financial institutions. As of June 30, 2024 and December 31, 2023, the Company did not have any balance maintained at banks in the United States subject to credit risk. While management believes that these financial institutions are of high credit quality, it also continually monitors their credit worthiness.

For the six months ended June 30, 2024 and 2023, substantially all of the Company's cryptocurrencies are stored in self-custody wallets. To limit exposure to credit risk relating to cryptocurrencies under custody, the Company evaluates the system security design of the wallet service provider and regularly reviews the exposure of cryptocurrencies held in the self-custody wallet. The Company has further implemented internal controls to ensure the appropriate access to the cryptocurrencies under self-custody and adopted the operating strategy of disposing of the cryptocurrency for fiat currency shortly after they are earned.

However, bitcoin and other blockchain-based cryptocurrencies have been, and may in the future be, subject to security breaches, cyberattacks, or other malicious activities. A successful security breach or cyberattack could result in a partial or total loss of the Company's cryptocurrencies and such a loss could have a material adverse effect on the Company's financial condition and results of operations.

(c) Liquidity risk

Liquidity risk arises in situations where the Company has difficulties in fulfilling financial liabilities when they become due.

Prudent liquidity risk management implies maintaining sufficient cash in order to meet the Company's financial obligations. The Company manages its liquidity risk by monitoring cash flow generated from operations and available borrowing capacity, and by managing the maturity profiles of its long-term loans.

(d) Concentration risk

Major customers

For the six months ended June 30, 2024, three customers accounted for approximately 35.5%, 32.9% and 11.6% of the Company's total revenues.

For the six months ended June 30, 2023, three customers accounted for approximately 30.2%, 25.8% and 10.6% of the Company's total revenues.

As of June 30, 2024, one customer accounted for approximately 90.6% of the total balance of accounts receivable.

As of December 31, 2023, one customer account for approximately 99.9% of the total balance of accounts receivable, respectively.

Major vendors

For the six months ended June 30, 2024, three vendors accounted for approximately 34.2%, 32.9% and 32.8% of the Company's total purchases.

For the six months ended June 30, 2023, two vendors accounted for 85.5% and 14.0% of the Company's total purchases.

As of June 30, 2024, one vendor accounted for approximately 100.0% of the total balance of accounts payable.

As of December 31, 2023, three vendors accounted for approximately 44.4%, 38.4% and 17.0% of the total balance of accounts payable.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are estimated at a specific point in time, by discounting expected cash flows at rates for assets and liabilities of the same remaining maturities and conditions. These estimates are subjective in nature and involve uncertainties and significant judgment, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

- Level 1 valuation: unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuation: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 valuation: fair value measured using significant unobservable inputs.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

As of June 30, 2024 and December 31, 2023, substantially all of the Company's financial assets and financial liabilities are carried at amortized costs and the carrying amounts approximate their fair values.

The fair value of financial instruments traded in active markets is determined with reference to quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial

instrument are observable, the instrument is included in level 2. If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Note 5 — Property, plant and equipment, net

Property, plant and equipment consisted of the following as of June 30, 2024 and December 31, 2023:

	Equipment USD	Mining USD	Lease improvements (electrical infrastructure) USD	Land USD	Total USD
COST					
At January 1, 2023	\$ 326,000	\$ 150,000	\$ 1,024,961	\$ 103,325	\$ 1,604,286
Additions	<u>450,000</u>	<u>220,000</u>	<u>1,584,243</u>	<u>-</u>	<u>2,254,243</u>
At December 31, 2023	776,000	370,000	2,609,204	103,325	3,858,529
Additions	-	534,745	-	-	534,745
Disposal	<u>-</u>	<u>-</u>	<u>(408,182)</u>	<u>-</u>	<u>(408,182)</u>
At June 30, 2024	<u>\$ 776,000</u>	<u>\$ 904,745</u>	<u>\$ 2,201,022</u>	<u>\$ 103,325</u>	<u>\$ 3,985,092</u>
DEPRECIATION					
At January 1, 2023	\$ 13,583	\$ 7,500	\$ 21,874	-	\$ 42,957
Charge for the year	<u>110,583</u>	<u>85,000</u>	<u>152,580</u>	<u>-</u>	<u>348,163</u>
At December 31, 2023	124,166	92,500	174,454	-	391,120
Charge for the period	<u>72,167</u>	<u>59,000</u>	<u>99,051</u>	<u>-</u>	<u>230,218</u>
At June 30, 2024	<u>\$ 196,333</u>	<u>\$ 151,500</u>	<u>\$ 273,505</u>	<u>\$ -</u>	<u>\$ 621,338</u>
CARRYING AMOUNT					
At June 30, 2024	<u><u>\$ 579,667</u></u>	<u><u>\$ 753,245</u></u>	<u><u>\$ 1,927,517</u></u>	<u><u>\$ 103,325</u></u>	<u><u>\$ 3,363,754</u></u>
At December 31, 2023	<u><u>\$ 651,833</u></u>	<u><u>\$ 277,500</u></u>	<u><u>\$ 2,434,750</u></u>	<u><u>\$ 103,325</u></u>	<u><u>\$ 3,467,409</u></u>

Depreciation expense for the six months ended June 30, 2024 and 2023 amounted to \$230,218 and \$124,143, respectively.

Note 6 — Cryptocurrencies

The following table presents additional information about the Company's cryptocurrencies holdings during the six months ended June 30, 2024 and 2023:

	USD
Beginning balance – January 1, 2023	\$ 11,164
Cryptocurrencies received as payment	397,654
Sale of cryptocurrencies	(361,050)
Impairment loss on cryptocurrencies	(6,919)
Ending balance - December 31, 2023	\$ 40,849
Cryptocurrencies received as payment	120,161
Sale of cryptocurrencies	(146,099)
Impairment loss on cryptocurrencies	(3,527)
Ending balance – June 30, 2024 (Unaudited)	\$ 11,384

Impairment loss on cryptocurrencies for the six months ended June 30, 2024 and 2023 amounted to \$3,527 and \$55, respectively.

Gain on disposal of cryptocurrencies for the six months ended June 30, 2024 and 2023 amounted to \$6,659 and \$40,063, respectively.

Note 7 — Leases

The Company occupies two mining datacenters under lease arrangements, which have an initial lease term of 6 years and 10 years. Lease contracts are typically made for fixed periods but may have extension options. The Company accounts for lease and non-lease components separately, where the non-lease component is charged to expenses as they incur. Any extension options in these leases have not been included in the lease liabilities unless the Company is reasonably certain to exercise the extension option. In addition, periods after termination options are only included in the lease term if the lease is reasonably certain not to be terminated. The Company does not have an option to purchase these leased assets at the expiration of the lease periods.

The consolidated statements of financial position show the following amounts relating to the right-of-use assets:

	June 30, 2024	December 31, 2023
	USD	USD
Right-of-use assets		
- Buildings	\$ 942,298	\$ 999,436

Amortization of right-of-use assets for the six months ended June 30, 2024 and 2023 amounted to \$57,138 and \$34,417, respectively.

The consolidated statements of financial position show the following amounts relating to the lease liabilities:

	June 30, 2024	December 31, 2023
	USD	USD
Total future minimum lease payments	\$ 1,157,000	\$ 1,157,000
Less: future finance charges	(197,160)	(145,675)
Total lease liabilities	959,840	1,011,325
Lease liabilities due for settlement within 12 months	(76,956)	(102,358)
Lease liabilities due for settlement over 12 months	\$ 882,884	\$ 908,967

Interest accretion on lease liabilities for the six months ended June 30, 2024 and 2023 amounted to \$14,515 and \$10,426, respectively.

The lease liabilities as of June 30, 2024 and December 31, 2023 bear weighted average incremental borrowing rate of 2.96% per annum.

Note 8 — Interest in an associate

The consolidated statements of financial position show the following amounts relating to interest in an associate:

	June 30, 2024	December 31, 2023
	USD	USD
Cost of investments in an associate	\$ 380,996	\$ -
Share of post de-consolidation profit or loss, net dividend received	33,846	-
	\$ 414,842	\$ -

On January 10, 2024, the Company sold 75% of its member interest to the other four members which resulted in de-consolidation of the Tirpitz and Tirpitz became an associate of the Company.

Details of the associate as of June 30, 2024 are as follows:

Name of company	State of incorporation and operation	Proportion of ownership interest	Principal activity
Tirpitz Technology HoldCo LLC	Tennessee	25%	Hosting Services

Summarized financial information in respect of Tirpitz is set out below:

	June 30, 2024
	USD
Current assets	\$ 408,384
Non-current assets	\$ 5,933,248
Current liabilities	\$ (2,186,180)
Non- current liabilities	\$ 540,000

	For the Six Months Ended June 30, 2024
	USD
Revenue	\$ 1,139,250
Profit for the period	\$ 135,382
Dividends received from the associate during the period	\$ -

Reconciliation of the above summarized financial information to the carrying amount of the interest in the associate recognized in the consolidated financial statements:

	June 30, 2024
	<u>USD</u>
Net assets of Tirpitz	\$ 7,987,812
Capital contributed by other members of Tirpitz in excess of the Company's ownership portion	(6,328,445)
Adjusted net assets of Tirpitz	<u>\$ 1,659,367</u>
Proportion of the Company's ownership interest in Tirpitz	25%
Carrying amount of the Company's interest in Tirpitz	<u>\$ 414,842</u>

Note 9 — Trade Receivables

Trade receivables consist of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
	<u>USD</u>	<u>USD</u>
Trade receivables	\$ 1,002,220	\$ 1,010,444
Less: Allowance for credit losses	-	-
Trade receivables, net	<u>\$ 1,002,220</u>	<u>\$ 1,010,444</u>

During the six months ended June 30, 2024 and 2023, no allowance for credit losses was recognized.

Note 10 — Prepayment and Other Current Assets

Prepayment and other current assets consist of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
	<u>USD</u>	<u>USD</u>
Security deposits	\$ 40,000	\$ 40,000
Prepayment for services	806,357	289,999
Total prepayment and other current assets	<u>\$ 846,357</u>	<u>\$ 329,999</u>

Note 11 — Other Non-current Liabilities

As of June 30, 2024 and December 31, 2023, the Company's other non-current liabilities consisted entirely of security deposits from its miner customers, totaling \$519,183 and \$2,345,886, respectively. The security deposits were collected from customers in advance of start of the provision of hosting services. The Company may apply its customers' security deposits to any fees or expense reimbursement not paid by the customer by the required due date. Any remaining balance is refundable to the customer after contract termination and removal of all customer equipment from the Company's data center.

Note 12 — Accrual and other payables

Accrual and other payables consist of the following as of June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
	<u>USD</u>	<u>USD</u>
Others	\$ -	\$ 654
Refundable security deposits from customers of hosting services	1,651,703	-
Total accrual and other payables	\$ 1,651,703	\$ 654

Note 13 — Related Party Transactions

Amount due to related parties

Name of Related Party	Relationship	Nature	June 30, 2024	December 31, 2023
			<u>USD</u>	<u>USD</u>
ABG Energy	The shareholders of this entity is also the Company's trustee	Interest-free loan, due on demand	\$ -	\$ 1,843,604
Total			\$ -	\$ 1,843,604

Note 14 – Shareholders' Deficit

Share Capital

The Corporation is authorized to issue 10,000,000 shares of capital stock in the aggregate. The capital stock of the Corporation shall consist of a single class, designated Common Stock, with a par value of \$0.0001 per share.

Note 15 – Income Tax

The provisions for income taxes for the six months ended June 30, 2024 and 2023 are summarized as follows:

	For the Six Months Ended June 30,	
	2024	2023
	<u>USD</u>	<u>USD</u>
Current income tax expenses	\$ 624,288	\$ 140,980
Deferred income tax (benefit) expense	2,445	-
Total provision for income taxes	\$ 626,733	\$ 140,980

The reconciliation between the income tax expenses calculated by applying the applicable federal tax rate of 21%, and weighted average of state tax rate from Delaware tax rate of 8.7%, Tennessee tax rate of 6.5%, Kentucky tax rate of 5.0% and North Dakota tax rate of 4.31%, to the profit (loss) before income tax and the income tax expenses as shown in the statements of profit or loss for the six months ended June 30, 2024 and 2023 is as follows:

	For the Six Months Ended	
	June 30,	
	2024	2023*
Statutory federal income tax rate	21.0%	-%
Statutory state income tax rate	5.3%	-%
Change in valuation allowance	0.7%	-%
Permanent difference	1.5%	-%
Effective tax rate	28.5%	-%

*Prior to the reorganization on September 12, 2023, earnings and losses are included in the personal income tax return of the Company's shareholders. As a result, the Company does not incur any income tax obligation and the financial statements do not include a provision for income taxes for the six months ended June 30, 2023.

Deferred tax assets as of June 30, 2024 and 2023 comprise the following:

	June 30,	December 31,
	2024	2023
	USD	USD
Deferred tax assets		
Net operating loss	\$ 104,994	\$ 91,631
Less: valuation allowance	(104,994)	(91,631)
Deferred tax assets, net	\$ -	\$ -

Note 16 -Profit for the Period

Profit for the period has been arrived at after charging:

	For the Six Months Ended	
	June 30,	
	2024	2023
	USD	USD
Depreciation		
- Property, plant and equipment (note 5)	\$ 230,218	\$ 124,143
Amortization		
- Right-of-use assets (note 7)	\$ 57,138	\$ 34,417
Interest		
- Bank interest income	\$ 911	\$ 1,513
Other income		
- Gain on disposal of an associate's shares	\$ 300,000	\$ -
- Other miscellaneous service cost	-	17,960
	<u>300,000</u>	<u>17,960</u>
Staff costs		
- Salaries and benefits	\$ 7,600	\$ 8,000

Note 17 -Subsequent Events

The Company evaluates all subsequent events that occurred after June 30, 2024 up through the date that Company filed these financial statements on August 28, 2024 and the Company did not identify any subsequent events that would have required adjustment or disclosure in the consolidate financial statements.