

First Growth Funds Limited

ABN 34 006 648 835

Appendix 4E

Preliminary final report

REPORTING PERIOD

The financial information contained in this report is for the year ended 30 June 2018. Comparative amounts, unless otherwise indicated, are for the year ended 30 June 2017.

RESULTS FOR ANNOUNCEMENT TO THE MARKET (UNAUDITED)

| | Change | % Change | \$ |
|--|--------|----------|---------|
| Revenues from ordinary activities and other income | up | 896.36 | 785,184 |
| Loss from ordinary activities after tax attributable to members | down | 24.56 | 658,090 |
| Net Loss attributable to members | down | 24.56 | 658,090 |
| Dividends (distributions) (The Company does not propose to pay dividends) | N/A | N/A | Nil |

COMMENTARY ON THE RESULTS FOR THE YEAR

The revenues from ordinary activities increased significantly due to key operational and investment strategies implemented by the Board. The Company has also launched a new Advisory Business Unit that includes activation fees and success fees and along with the introduction of token sales will support future revenue growth. The loss from ordinary activities decreased by 24% compared to prior year.

AUDIT

This report is based on accounts which are in the process of being audited.

NET TANGIBLE ASSET BACKING PER SHARE

| | 2018 (Cents) | 2017 (Cents) |
|---|-----------------|-----------------|
| Net tangible asset (liability) backing per ordinary share | 0.72 | 0.24 |

First Growth Funds Limited
Unaudited Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

| | | Consolidated | |
|---|-------------|---------------------|------------------|
| | Note | 2018 | 2017 |
| | | \$ | \$ |
| Income | | | |
| Revenue | 3 | 785,184 | (98,596) |
| Expenses | | | |
| ASX Fees | | (40,494) | (21,021) |
| AFSL support and Secretarial fees | | (43,474) | (46,536) |
| Director Fees | | (714,537) | (400,440) |
| Inventory write-down expense (Tokens) | | (20,000) | - |
| Legal fees | | (157,460) | (1,813) |
| Professional Fees | | (116,589) | (133,906) |
| Share Registry Costs | | (53,442) | (18,195) |
| Travel | | (153,866) | (36,543) |
| Other expenses | | (163,412) | (99,955) |
| Loss before income tax expense from continuing operations | | (658,090) | (872,389) |
| Income tax expense | 4 | - | - |
| Loss after income tax expense for the year | | (658,090) | (872,389) |
| Other comprehensive income | | | |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | (658,090) | (872,389) |
| Loss for the year is attributable to: | | | |
| Owners of First Growth Funds Limited | | (658,090) | (872,389) |
| Total comprehensive income for the year is attributable to: | | | |
| Owners of First Growth Funds Limited | | (658,090) | (872,389) |
| Earnings per share for loss attributable to the owners of First Growth Funds Limited | | Cents | Cents |
| Basic and diluted loss per share | 19 | (0.061) | (0.106) |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

First Growth Funds Limited
Unaudited Statement of Financial Position
As at 30 June 2018

| | | Consolidated | |
|-------------------------------------|-------------|---------------------|--------------|
| | Note | 2018 | 2017 |
| | | \$ | \$ |
| Assets | | | |
| Current Assets | | | |
| Cash & cash equivalents | 5 | 8,024,964 | 840,325 |
| Other current assets | 6 | 214,834 | - |
| Trade & other receivables | 7 | 421,249 | 399,944 |
| Trading investments | 8 | 1,628,771 | 530,000 |
| Available for sale financial assets | 9 | - | 350,000 |
| Inventories | 10 | 224,880 | - |
| Total current assets | | 10,514,698 | 2,120,269 |
| Non-current Assets | | | |
| Intangibles | 11 | 914,749 | - |
| Equity accounted investments | 12 | 332,866 | - |
| Total non-current assets | | 1,247,615 | - |
| Total assets | | 11,762,313 | 2,120,269 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade & other payables | 13 | 112,149 | 78,576 |
| Total current liabilities | | 112,149 | 78,576 |
| Total liabilities | | 112,149 | 78,576 |
| Net Assets | | 11,650,164 | 2,041,693 |
| Equity | | | |
| Contributed equity | 14 | 66,990,788 | 56,863,383 |
| Share Option Reserve | 15 | 139,156 | 296,347 |
| Accumulated losses | 16 | (55,479,780) | (55,118,037) |
| Total equity | | 11,650,164 | 2,041,693 |

The above statement of financial position should be read in conjunction with the accompanying notes

First Growth Funds Limited
Unaudited Statement of Changes in Equity
For the year ended 30 June 2018

| | Contributed equity \$ | Share Option Reserve \$ | Accumulated losses \$ | Total equity \$ |
|--|-----------------------------|-------------------------------|-----------------------------|--------------------|
| Consolidated | | | | |
| Balance at 1 July 2017 | 56,863,383 | 296,347 | (55,118,037) | 2,041,693 |
| Loss after income tax expense for the year | - | - | (658,090) | (658,090) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (658,090) | (658,090) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs | 9,887,405 | - | - | 9,887,405 |
| Options issued to key management personnel | - | 19,156 | - | 19,156 |
| Milestone shares issued to key management personnel | - | 360,000 | - | 360,000 |
| Milestone shares converted to ordinary shares | 240,000 | (240,000) | - | - |
| Transfer of expired Options' value | - | (296,347) | 296,347 | - |
| Balance at 30 June 2018 | 66,990,788 | 139,156 | (55,479,780) | 11,650,164 |
| | Contributed equity \$ | Share Option Reserve \$ | Accumulated losses \$ | Total equity \$ |
| Consolidated | | | | |
| Balance at 1 July 2016 | 54,787,864 | 296,347 | (54,245,648) | 838,563 |
| Loss after income tax expense for the year | - | - | (872,389) | (872,389) |
| Other comprehensive income for the year, net of tax | - | - | - | - |
| Total comprehensive income for the year | - | - | (872,389) | (872,389) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs | 2,075,519 | - | - | 2,075,519 |
| Balance at 30 June 2017 | 56,863,383 | 296,347 | (55,118,037) | 2,041,693 |

The above statement of changes in equity should be read in conjunction with the accompanying notes

First Growth Funds Limited
Unaudited Statement of Cash Flows
For the year ended 30 June 2018

| | | Consolidated | |
|---|-------------|---------------------|--------------------|
| | Note | 2018 | 2017 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Proceeds from trading investments | | 4,889,015 | 1,502,176 |
| Payments for trading investments | | (5,010,987) | (2,629,195) |
| Payments for inventories | | (224,880) | - |
| Payments to suppliers and employees | | (956,365) | (577,006) |
| Interest received | | 70,801 | 20,493 |
| Net cash used in operating activities | 18 | (1,232,416) | (1,683,532) |
| Cash flows from investing activities | | | |
| Payments of deposits for shares | | (214,834) | - |
| Payments for equity accounted investments | | (332,866) | - |
| Payments for intangibles | | (922,651) | - |
| Net cash from investing activities | | (1,470,351) | - |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 4,455,911 | 2,099,800 |
| Proceeds from exercise of share options | | 5,550,486 | - |
| Payments for issue of share | | (118,991) | (220,281) |
| Repayment of borrowings | | - | (15,145) |
| Net cash from financing activities | | 9,887,406 | 1,864,374 |
| Net (decrease)/increase in cash & cash equivalents | | 7,184,639 | 180,842 |
| Cash & cash equivalents at the beginning of the financial year | | 840,325 | 659,483 |
| Cash & cash equivalents at the end of the financial year | 5 | 8,024,964 | 840,325 |

The above statement of cash flows should be read in conjunction with the accompanying notes

First Growth Funds Limited
Unaudited Notes
For the Year Ended 30 June 2018

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all of the year's presented unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001 as appropriate for for-profit orientated entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The company is a public listed company, incorporated and domiciled in Australia.

Historical cost convention

The financial statements have been presented in Australian dollars and prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. 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 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

Going Concern

The financial statements have been prepared on a going concern basis which contemplates continuation of normal trading activities and realisation of assets and settlement of liabilities in the normal case of business.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events; management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, 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.

Note 3. Revenue

| | Consolidated | |
|--|---------------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| <i>Revenue</i> | | |
| Interest Income | 106,357 | 40,493 |
| Net gain / (loss) on financial assets at fair value through profit or loss | 678,827 | (139,089) |
| Revenue from operations | 785,184 | (98,596) |

First Growth Funds Limited
Unaudited Notes
For the Year Ended 30 June 2018

Note 4. Income Tax Expense

| | Consolidated | |
|---|---------------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| <i>Numerical reconciliation of income tax expense to prima facie tax payable</i> | | |
| Loss before income tax expense from continuing operations | (658,090) | (872,389) |
| Tax at the Australian rate of 27.50% (2017: 27.50%) | (180,975) | (239,907) |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Non-deductible expenses | - | 90 |
| Deferred tax asset not recognised | 180,975 | 239,817 |
| Income tax expense | - | - |

Potential tax benefits from tax losses have not been recognised as the directors do not believe the conditions for recovery can be met.

Note 5. Cash & cash equivalents

| | | |
|--------------|------------------|---------|
| Cash at bank | 8,024,964 | 840,325 |
|--------------|------------------|---------|

Note 6. Other current assets

| | | |
|------------------------------------|----------------|---|
| Deposits for shares not yet issued | 214,834 | - |
|------------------------------------|----------------|---|

First Growth Funds Limited
Unaudited Notes
For the Year Ended 30 June 2018

Note 7. Trade & other receivables

| | Consolidated | |
|--------------------------------|---------------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Trade receivable | 7,500 | - |
| GST receivable | 8,194 | 5,680 |
| Convertible notes receivable * | 350,000 | 350,000 |
| Interest receivable | 55,555 | 20,000 |
| Other receivables | - | 24,264 |
| Total Accounts Receivable | 421,249 | 399,944 |

* The \$350,000 was the payment on 13 January 2017 for Convertible Notes in Cloud Lumen Pty Ltd with a face value of \$0.03 per note and convertible on a 1 share for 1 note basis. Notional interest accrues on a cap of \$100,000 and payable on redemption or conversion notice only.

The Convertible Notes' redemption terms are as follows:

- Redeemable at any time pending the issue of a redemption notice by First Growth Fund Limited or at the maturity date which is 2 years after the subscription date or the occurrence of an early redemption event.

The Convertible Notes' conversion terms are as follows:

- The Notes will be eligible for conversion at any time up to the maturity date. The Conversion date is the date which is no later than 5 business days after the date on which a conversion notice is provided by First Growth Fund Limited.
- The Notes will be eligible for conversion on the occurrence of an Exit event which includes a listing event.

Note 8. Trading Investments

| | | |
|--------------------------------------|------------------|---------|
| Listed Securities at fair value * | 1,378,771 | 530,000 |
| Unlisted Securities at fair value ** | 250,000 | - |
| | 1,628,771 | 530,000 |

* The fair value of listed securities is established from quoted prices in the active market of the Australian Securities Exchange for identical assets in accordance with Level 1 of the fair value measurement hierarchy.

** The \$250,000 was the unlisted shares purchased in Cloud Lumen Pty Ltd. It represents the fair value based on the information available to FGF.

Note 9. Available For Sale Financial Assets

| | | |
|-----------------------------------|---|---------|
| Convertible Notes at fair value * | - | 350,000 |
|-----------------------------------|---|---------|

* The \$350,000 was the payment on 21 December 2016 for convertible notes in Pearl Global Pty Ltd with a face value of \$1 per note and convertible on a 1 share for 1 note basis, these notes were converted to listed shares during the 2018 financial year.

First Growth Funds Limited
Unaudited Notes
For the Year Ended 30 June 2018

Note 10. Inventories

| | Consolidated | |
|---|---------------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Digital currency tokens held for sale * | 224,880 | - |

* Digital currency tokens held for sale represents those tokens controlled by FGF that are exchange traded. They are carried at the lower of cost or net realisable value.

Note 11. Intangibles

| | | |
|-------------------------------------|----------------|---|
| Rights to digital currency tokens * | 914,749 | - |
|-------------------------------------|----------------|---|

* The rights to digital currency tokens are carried at cost, representing the subscription price paid under various token subscription agreements entered into with the issuer, which provides FGF with a contractual right to be allocated tokens upon completion of an Initial Coin Offer (ICO).

Note 12. Equity accounted investments

| | | |
|----------------------|----------------|---|
| Cryptodata Vault LLC | 332,866 | - |
|----------------------|----------------|---|

Note 13. Trade & other payables

| | | |
|----------------|----------------|--------|
| Trade payables | 60,584 | 78,576 |
| Accruals | 51,565 | - |
| | 112,149 | 78,576 |

First Growth Funds Limited
Unaudited Notes
For the Year Ended 30 June 2018

Note 14. Contributed equity

| | Consolidated | | | |
|---|----------------------|-------------------|-------------------|-------------------|
| | 30/06/2018 | 30/06/2018 | 30/06/2017 | 30/06/2017 |
| | No of | \$ | No of | \$ |
| | Ordinary | | Ordinary | |
| | Shares | | Shares | |
| Balance at the beginning of the financial period | 864,768,511 | 56,863,383 | 516,920,050 | 54,787,864 |
| 25.07.16 Shares Issued at \$0.0066 each | - | - | 66,212,102 | 437,000 |
| 01.08.16 Shares Issued at \$0.0066 each | - | - | 35,000,000 | 231,000 |
| 12.08.16 Shares Issued at \$0.0066 each | - | - | 218,636,359 | 1,443,000 |
| 03.10.16 Shares Issued at \$0.0066 each | - | - | 28,000,000 | 184,800 |
| 06.12.17 Options exercised at \$0.02 each | 10,101 | 202 | - | - |
| 05.01.18 Options exercised at \$0.02 each | 23,150,000 | 463,000 | - | - |
| 11.01.18 Options exercised at \$0.02 each | 8,152,525 | 163,051 | - | - |
| 16.01.18 Options exercised at \$0.02 each | 11,715,906 | 234,318 | - | - |
| 18.01.18 Options exercised at \$0.02 each | 7,921,487 | 158,430 | - | - |
| 01.02.18 Options exercised at \$0.02 each | 7,547,020 | 150,940 | - | - |
| 07.02.18 Options exercised at \$0.02 each | 10,873,870 | 217,477 | - | - |
| 09.02.18 Options exercised at \$0.02 each | 3,757,575 | 75,152 | - | - |
| 14.02.18 Options exercised at \$0.02 each | 20,533,332 | 410,667 | - | - |
| 21.02.18 Options exercised at \$0.02 each | 132,851,932 | 2,657,039 | - | - |
| 26.02.18 Options exercised at \$0.02 each | 51,109,290 | 1,022,186 | - | - |
| 13.03.18 Shares issued at \$0.012237 each * | 353,567,748 | 4,714,704 | - | - |
| 31.05.18 Milestone shares issued at fair value of \$0.016 each ** | 15,000,000 | 240,000 | - | - |
| Rounding adjustment re registry change | (16) | - | - | - |
| Less costs incurred from capital raising | - | (379,761) | - | (220,281) |
| Balance at end of the financial period | 1,510,959,281 | 66,990,788 | 864,768,511 | 56,863,383 |

* The \$4,714,704 includes \$260,769 in shares issued to Blockchain Global Ltd for underwriting fees settled through the issue of 21,309,841 shares per the ASX release on 13 March 2018.

** The \$240,000 represents the grant date fair value of the milestone shares issued to Manzoori Pty Ltd on 20 December 2017. This is a share based payment. Manzoori Pty Ltd is a related party of FGF director Anoosh Manzoori.

Capital risk management

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, issue new shares or sell assets to reduce debt. The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment.

The capital risk management policy remains unchanged from the 30 June 2017 Annual Report.

First Growth Funds Limited
Unaudited Notes
For the Year Ended 30 June 2018

Note 15. Share Based Payments

The following Share Based Payments (SBP) were made to the Directors in accordance with the resolutions of the Extraordinary General Meeting that passed on 28 February 2018:

| | Number of milestone shares issued | Number of options issued | Milestone shares fair value \$ | Options fair value \$ | Total Fair value of SBP \$ | SBP vested to date \$ | SBP yet to vest \$ |
|--------------------|---|-----------------------------------|---|-----------------------------|----------------------------------|-----------------------------|-----------------------|
| Anoosh Manzoori | 45,000,000 | 10,000,000 | 720,000 | 19,156 | 739,156 | 379,156 | 360,000 |
| Total | 45,000,000 | 10,000,000 | 720,000 | 19,156 | 739,156 | 379,156 | 360,000 |

Note 16. Accumulated losses

| | Consolidated | |
|---|---------------------|--------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Accumulated losses at the beginning of the financial year | (55,118,037) | (54,245,648) |
| Loss after income tax expense for the year | (658,090) | (872,389) |
| Other comprehensive income / (loss) for the year | - | - |
| Transfer of expired Options | 296,347 | - |
| Accumulated losses at the end of the financial year | (55,479,780) | (55,118,037) |

Note 17. Equity – dividends

There were no dividends paid during the current or previous financial year to the owners of First Growth Funds Limited.

| | | |
|---|--------------|-------|
| Franking credits available for subsequent financial years based on a tax rate of 27.50% | 7,159 | 7,159 |
|---|--------------|-------|

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

First Growth Funds Limited
Unaudited Notes
For the Year Ended 30 June 2018

Note 18. Cashflow Reconciliation

| | Consolidated | |
|---|---------------------|--------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| (a) Reconciliation of the loss after tax to the net cash flows from operations | | |
| Loss after income tax | (658,090) | (872,389) |
| Adjustments for Non-Cash Items | | |
| -Equity based payments | 379,156 | 196,000 |
| -Share of profit of associate | - | - |
| -Gain on disposal of equity accounted investment | 7,901 | - |
| Changes in operating assets and liabilities | | |
| -Increase / (Decrease) in trade and other payables | 33,573 | (8,059) |
| -(Increase) / Decrease in trade and other receivables | (21,305) | (363,384) |
| -(Increase) / Decrease in trading and available for sale investments | (748,771) | (635,700) |
| -(Increase) / Decrease in inventories | (224,880) | - |
| Net cash outflow from operating activities | (1,232,416) | (1,683,532) |

Note 19. Earnings per share

| | Consolidated | |
|---|----------------------|------------------|
| | 2018 | 2017 |
| | \$ | \$ |
| <i>Earnings per share from continuing operations</i> | | |
| Loss after income tax | (658,090) | (872,389) |
| | Number | Number |
| | 2018 | 2017 |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 1,076,146,301 | 824,024,221 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 1,076,146,301 | 824,024,221 |
| | Cents | Cents |
| Basic and Diluted Loss per share | (0.061) | (0.106) |