ASX ANNOUNCEMENT
31 August 2015

Digital CC Limited

Innovative Digital Currency Solutions

Digital CC Limited ABN 59 009 575 035
ASX Code: DCC
Trading as digitalBTC

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Strong Revenue Growth Driven by Demand for DigitalX Direct Products

Well Funded and Strategically Positioned to Enter the Global Remittance Market

Highlights

- Revenues for the period totalled US$36.6 million (up 350% on an annualised basis) driven by the launch and demand for its new digitalX Direct liquidity operations, which generated US$29.4 million of total revenue
- digitalX Direct was launched in November 2015 and contributed over 80% of total group revenues for FY15
- Bitcoin mining operations generated US$6.4 million, reflecting the impact of the significant fall in Bitcoin prices during the year
- Net loss after tax for FY15 was US$6.8 million driven by fair value adjustment to the value of Bitcoins held and traded over the period of US$3.1m and depreciation of mining hardware of US$3.6m
- A$3.5 million successful equity placement to fund the development and roll out of AirPocket
- Strong balance sheet and cash position to accelerate penetration in the growing remittance market; beta launch of AirPocket expected in Q4 2015

Note: *FY 2014 nominal figures reflect six months trading. Year on year percentage movements have been annualised for comparative purposes only.

Digital payments company Digital CC Limited (trading as digitalBTC, ASX:DCC and 'the Company') is pleased to report the Company's full year results for the year ended 30 June 2015.

The Results for FY2015 reflect a strong performance from the Company's Bitcoin operations, despite a challenging landscape in the Bitcoin market due to lower Bitcoin prices. Substantial progress has been made since FY2014, however it should be noted that the period of FY2014 takes into account only 6 months of trading.

Financial and Operational Results

Growth in trading volumes at digitalX Direct has seen the Company's liquidity desk operations grow rapidly to become the main driver of revenue generated by the business, contributing US$29.4 million (80% of total revenues) over the period. The Company's Bitcoin mining operations remained strong with US$6.4 million of revenues generated over the period despite the impact of lower Bitcoin prices.

The Company recorded a net loss of US$6.8 million for FY2015, which is attributable to the unfavourable depreciation in the Bitcoin price over the FY2015 trading period, which saw a US$3.1 million fair value adjustment to the value of Bitcoins held and a US$3.6 million depreciation of mining hardware. On an annualised basis this reflects an improvement of 69%.

In light of the bitcoin environment, during the period the Company made a strategic shift in its core focus towards its digitalX Direct trading product. In addition, the Company is developing a new innovative fintech remittance application, AirPocket.

In May the Company entered into a MoU with American based partners to form a Joint Venture Company (JVC) to facilitate the distribution and roll out of AirPocket through Latin America and the Caribbean and in June internal beta and security testing of the app commenced with a leading third party security firm. As part of the JVC, the partners have taken an equity position, which has provided validation of the products potential and is expected to further incentivise sales and distribution partnerships.

During the second half of the financial year digitalBTC has made substantial progress in the development, testing and implementation its innovative remittance product, AirPocket. Post the reporting period the Company successfully completed the first phase of security testing with leading U.S. technology security firm Security Innovation and in August 2015 digitalBTC secured money transmitter services in the U.S., significantly accelerating the launch and commercialisation of the product.

During the period the Company also recorded a write down of US$1.1 million, relating to the value depreciation of Bitcoin in its Mintsy Joint Venture (JV) with Cryptsy, which the Company entered into in September 2014 to provide Crypto-currency mining services. The Company advises that following a strategic review of the JV and as a result of the decline in Bitcoin prices, the Company confirms it is terminating its agreement with Cryptsy and will provide no further funding to the JV operation. The Company is pursuing actions to recover some or all of the costs incurred as part of the JV.

This decision regarding Mintsy reflects the Company's shift of core strategic focus away from Bitcoin reliant operations towards the rapidly growing remittance market and enables management time and resources to be redeployed towards the launch and commercialisation of AirPocket.

Summary of the Profit and Loss for the year ending 30 June 2015 compared to 30 June 2014[1]

	FY 2015	FY 2014 (Only 6 Months Trading Accounted for)	% Change on an annualised basis
Bitcoin Mining Operations (US$m)	6.4	4	-20%
Liquidity Desk Operations (US$m)	29.4	-	100%
Revenue (US$m)	36.6	4	358%
Expenses (US$m)	(11.5)	(15.63)	-63%
Net Loss (US$m)	(6.8)	(11.1)	-69%
EBITDA (US$m)	(3.2)	(9.37)	-83%

NOTES:

[1] The FY2014 reporting period accounts for only 6 months of operations. The Company was officially reinstated on 16 June 2014 and Bitcoin mining operations commenced in February 2014.

Successful Capital Raising for AirPocket Commercialisation

On 21 May 2015 the Company raised A$3.5 million in an oversubscribed equity placement, which received strong interest from sophisticated U.S. and Australian investors. The funding received enabled the Company to accelerate the roll out and commercialisation of its revolutionary new remittance product, AirPocket.

At the end of 30 June 2015 the Company had US$3.6 million in cash and Bitcoin inventory, this consisted of US$2.6 million in cash and US$1 million in readily exchangeable Bitcoins.

Outlook

The shift towards the Company's digitalX Direct product and remittance applications, forms a key part of growth for FY16 as it enters the rapidly growing global remittance market with the anticipated launch of AirPocket.

The Company is seeking additional banking partners, following its agreement with CoinX in the U.S., within Latin America and the Caribbean and expects to publically launch AirPocket in beta towards the end of FY16 calendar year, diversifying its operations into the rapidly growing global remittance market.

Zhenya Tsvetnenko, Executive Chairman, digitalBTC commented:

"Despite the unfavourable depreciation of the Bitcoin price, I am pleased with the growth the Company has achieved from its Bitcoin trading and mining activities, which continue to provide strong revenue generation.

"We have made significant progress during the course of the year towards the development and commercialisation of our new innovative remittance product, with a number of agreements in place to accelerate the launch and consumer uptake of the product."

Ends

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About digitalBTC

Digital CC Limited, trading as digitalBTC, operates as an innovative software solutions company, providing investors exposure to the global digital payments systems industry through disruptive fintech solutions in the remittance and digital currency sectors.

The Company has developed a suite of new and innovative software for institutions and consumers, leveraging Blockchain technology and the secure ledger system to create new and innovative products for institutions and consumers.

The Company's most recent product, AirPocket, is designed to provide consumers with the ability to securely and cost-effectively send remittances in any currency, from anywhere, anytime, regardless of the transaction size.

Digital CC Limited is based in Perth, Australia and has offices in Boston and New Jersey, U.S.

REPORTING PERIOD

Financial Period 30 June 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	US$
Revenue from ordinary activities	36,600,625
Loss from ordinary activities after tax attributable to members	(6,769,719)
Net loss for the period attributable to members	(6,769,719)

The consolidated loss after tax for the year ended 30 June 2015 was US$6,769,719 (2014: loss of US$11,216,375). The loss is attributable to the unfavourable depreciation in the Bitcoin price, resulting in a $3,109,492 fair value adjustment to the value of Bitcoins held and traded over the period and recognising depreciation of mining hardware $3,631,013. The unfavourable depreciation in the Bitcoin price has also resulted in a write down of $1,047,011 in the 50% owned Mintsy Joint Venture investment.

Underlying Bitcoin mining and trading business performance for the period 1 July 2014 to 30 June 2015:

		US$
Earnings/ (Loss) before interest tax depreciation and amortisation	EBITDA	(3,155,772)
Net Profit/ (Loss) After Tax	NPAT	(6,769,719)

For a reconciliation to statutory accounting balances refer to Segment Note 4 to the Preliminary Final Report.

Despite the unfavourable depreciation of the Bitcoin price, the Directors of Digital CC Limited are pleased with the consistent growth of the Bitcoin trading activities as well as the ongoing revenue earned from Bitcoin mining activities.

Dividends paid or recommended

No dividends have been paid or declared for payment during the financial year.

Net tangible asset per ordinary share

2015 US cents/share	2014 US cents/share
2.5	6.4

Audit Status

This report is based on Unaudited Financial Statements which are currently in the process of being audited.

Entities over which control has been lost during the period

N/A

Entities over which control has been gained during the period

On 4 August 2014, the Group incorporated Digital CC Ventures Pty Ltd to hold its 50% interest in HashMax Inc, the joint venture which operates Mintsy. Digital CC Holdings Pty Ltd owns a 100% interest in Digital Ventures Pty Ltd.

Associates and joint venture entities
In September 2014 the Group had entered into a Joint Venture with a Crypto-currency exchange operator Cryptsy, for the purpose of developing a platform to provide Crypto-currency mining services to the retail sector. The Group holds a 50% interest in HashMax Inc, operating under Mintsy, through Digital CC Ventures Pty Ltd, incorporated for the purpose of entering in to the Joint Venture.

During the financial year the Group has made an equity contribution of US$1,145,350 to HashMax Inc, in order to fund the start-up costs of this venture.

During the period the Company also recorded a write down of US$1.1 million, due to the value depreciation of Bitcoin in its Mintsy Joint Venture (JV) with Cryptsy, which the Group entered into in September 2014 to provide Crypto-currency mining services. The Group advises that it has undertaken a strategic review of the JV and as a result of the decline in Bitcoin prices the Group confirms it is terminating its agreement with Cryptsy and will provide no further funding to the operation. The Group is pursuing actions to recover some or all of the costs incurred as part of the JV.

Operating results
The consolidated loss for the group after providing for income tax amounted to US$6,769,719 (2014: US$11,216,375).

On 6 June 2014, Digital CC Limited completed the acquisition of Digital CC Holdings Pty Ltd, the overall effect of the Acquisition is, financial report and the accompanying notes for the year ended 30 June 2014, reflect the period 1 January 2014 to 30 June 2014 (the reporting period for Digital CC Holdings Pty Ltd, the accounting acquirer).

Commentary on the results for the period
The statutory accounting result for the period is a net loss after tax of US$6.8m, primarily driven by the depreciation of the Bitcoin price over the period resulting in a fair value adjustment of US$3.1m, the non-cash depreciation expense of US$3.6m recognised on the Bitcoin mining hardware and the US$1.1m write down in the Mintsy Joint Venture investment.

The underlying digital currency business, as detailed in the "Bitcoin mining and trading operations" segment report (refer to Note 4 to the Preliminary Final Report) has delivered strong revenue growth over the year, with revenue of US$36.6m being generated across the segments.

Liquidity desk operations have grown rapidly to become the main driver of revenue generated by the business, reaching US$29.3m, by shifting its customer base to retail suppliers and away from professional trading, leading to more consistent daily volumes and higher revenue. Leveraging on a network of trusted partners, higher profit margins and lower hedging costs are able to be achieved on a larger volume of revenue, to provide a greater level of return on working capital.

digitalX Direct has become the flagship product of the liquidity desk operations, providing real-time Bitcoin liquidity to institutions and Bitcoin retailers, which saw a 46% growth in revenue in Q4 over Q3 to realise US$10.5m for the year. By allowing for instant order filling, digitalX Direct has presented our clients with a unique offering, the value of which is being demonstrated by the consistent growth in trading volume.

Bitcoin mining has been maintained to produce a steady revenue stream, generating US$6.4m, despite the unfavourable depreciation in the Bitcoin price over the year.

During the year, US$1.9m of state of the art Bitcoin mining hardware was acquired to ensure that maximum return is generated from the mining operations under the current conditions. digitalBTC is continually evaluating the option to either operate the Bitcoin mining equipment to earn new bitcoins, or to seek additional attractive returns from liquidation of the Bitcoin mining hardware prior to the end of its useful life.

Development of an innovative consumer software application AirPocket is currently underway with significant progress being made in the development and implementation stages. AirPocket is positioned as a peer-to-peer solution for the cash remittance market. This enables value and cash transfers from anyone to anywhere in the world, and for the value to be easily exchanged across mobile messaging platforms. The product was well received when on 28 May 2015 an oversubscribed AUD$3.5 million capital raising via a share placement was completed on the ASX to fund the AirPocket rollout.

digitalBTC has entered into an agreement with global partners to form a Joint Venture Company (JVC) to facilitate the distribution and roll out of AirPocket through Latin America and the Caribbean. The U.S. to Latin America remittance corridor is estimated as a US$84 billion market opportunity for the product.

The JVC intends to seek commercial partnership with large corporations such as banks, telecom providers, retailers and distribution networks in the regions for the promotions and distribution of AirPocket. The JVC partners have taken an equity position in the JVC, which has provided validation of the products potential and is expected to further incentivise the partners.

digitalBTC successfully completed the first phase of security testing with leading U.S. technology security firm Security Innovation and in August 2015 digitalBTC secured money transmitter services in the U.S., significantly accelerating the launch and commercialisation of the product.

The changing landscape of the Bitcoin ecosystem has seen a depreciation in the Bitcoin price, DigitalBTC has reacted to the changing market conditions by renegotiating its power commitment and modernising its Bitcoin mining hardware to maintain competitiveness and maximise shareholder value as well as pursuing its established goal of being a vertically integrated global digital payments leader. DigitalBTC has made substantial progress in the development, testing and implementation of a unique global remittance product, AirPocket, set to leverage on the Blockchain technology and global partnerships to access the lucrative U.S. to Latin America remittance market.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

		CONSOLIDATED GROUP	
	Note	Year ended 30-Jun-15 US$	6 Months ended 30-Jun-14 US$
Revenue from bitcoins mined		6,414,134	3,959,558
Net fair value (loss)/gain on bitcoin inventory		(3,109,492)	393,297
Other Income	5	849,355	56,480
Trading Desk Bitcoin Sales		29,337,136	-
Trading Desk Bitcoin Purchases		(28,750,849)	-
Bitcoin mining pool fees		-	(61,562)
Loss on sale of bitcoin mining contract		-	(34,094)
Power and hosting expenses		(4,007,170)	(522,820)
Hardware Repair expense		(122,314)	-
Professional and consultancy fees	6	(1,054,278)	(786,340)
Corporate cost expense		(127,775)	(70,631)
Interest expense		-	(115,728)
Advertising, Media and Investor Relations		(320,360)	-
Employee benefit expenses		(1,888,885)	(520,923)
Share based payments – employee benefits		1,653,782	-
Inventory write-down		-	(233,435)
Depreciation	12	(3,637,598)	(1,831,129)
Amortisation		(5,946)	(1,900)
Joint Venture Investment write down		(1,047,011)	-
Realised and unrealised foreign exchange losses		(254,910)	(61,297)
Corporate transaction accounting expense		-	(10,918,065)
Bad Debtors Expense		(170,906)	-
Other expenses	7	(553,773)	(440,645)
Loss before tax		**(6,796,860)**	**(11,189,234)**
Income tax benefit/(expense)	8	27,141	(27,141)
Loss after income tax from continuing operations		**(6,769,719)**	**(11,216,375)**
LOSS FOR THE PERIOD		**(6,769,719)**	**(11,216,375)**
Total comprehensive loss for the period			
Total comprehensive loss attributable to:			
Members of the parent entity		**(6,769,719)**	**(11,216,375)**
Loss per share attributable to the ordinary equity holders of the parent:			
From continuing and discontinued operations			
Basic and diluted loss per share (cents)		(0.040)	(0.117)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		CONSOLIDATED GROUP	
	Note	30-Jun-15 US$	30-Jun-14 US$
CURRENT ASSETS			
Cash and cash equivalents		2,608,103	4,574,582
Trade and other receivables	9	1,261,891	2,154,976
Prepayments	10	85,882	220,447
Bitcoins	11	1,011,230	2,324,437
Bitcoin mining hardware	12	131,663	2,302,295
Total Current Assets		**5,098,769**	**11,576,737**
NON-CURRENT ASSETS			
Property, plant and equipment		16,435	5,152
Intangible assets	13	476,362	31,100
Total Non-Current Assets		**492,797**	**36,252**
TOTAL ASSETS		**5,591,566**	**11,612,989**
CURRENT LIABILITIES			
Trade and other payables	14	409,757	437,587
Current tax payable	8	-	27,141
Accrued expenses		173,169	380,311
Total Current Liabilities		**582,926**	**845,039**
NON-CURRENT LIABILITIES			
Restoration provisions	15	103,981	103,981
Total Non-Current Liabilities		**103,981**	**103,981**
TOTAL LIABILITIES		**686,907**	**949,020**
NET ASSETS		**4,904,659**	**10,663,696**
EQUITY			
Issued capital	16	21,068,773	18,404,582
Reserves	17	1,821,980	3,475,762
Accumulated losses		(17,986,094)	(11,216,375)
TOTAL EQUITY		**4,904,659**	**10,663,969**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

		CONSOLIDATED GROUP	
	Note	Year ended 30-Jun-15 US$	6 months ended 30-Jun-14 US$
Cash flows from operating activities	19		
Proceeds from sale of bitcoins		34,086,607	2,126,646
Payment for purchase of bitcoins		(30,457,412)	(606,333)
Payments for power and hosting		(3,803,369)	(504,000)
Receipt / (Payment) of Value Added Tax from Iceland		1,304,616	(1,082,857)
Receipt of lease fee for mining hardware		258,113	-
Receipt for security deposit		600,000	-
Interest received received/ (paid)		1,970	(69,830)
Other operating expenses		-	(2,313)
Payments to suppliers and employees		(4,613,215)	(1,391,530)
Net cash provided by operating activities		**(2,622,690)**	**(1,530,217)**
Cash flows from investing activities			
Payment for intellectual property		(462,064)	(33,000)
Interest received		-	9,037
Acquisition of property, plant and equipment		(1,193,853)	(4,136,172)
Investment in Joint Venture		(264,547)	-
Cash acquired through business combinations		-	727,445
Payment for security deposit		-	(600,000)
Net cash used in investing activities		**(1,920,464)**	**(4,032,690)**
Cash flows from financing activities			
Proceeds from issue of equity securities		2,698,485	7,197,853
Receipt of shareholder loans (net)		-	1,238,226
Payments for share issue costs		(160,410)	(237,087)
Loan from Macro Energy Limited prior to acquisition		-	1,895,229
Net cash provided by financing activities		**2,538,075**	**10,094,221**
Net (decrease) /increase in cash and cash equivalents held		**(2,005,079)**	**4,531,314**
Cash and cash equivalents at beginning of year		4,574,582	-
Foreign exchange movement in cash and cash equivalents		38,600	43,268
Cash and cash equivalents at end of year		**2,608,103**	**4,574,582**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Group	Contributed Equity US$	Option Premium and Share Based Payment Reserve US$	Retained Earnings US$	Total US$
Balance at 1 July 2014	**18,404,582**	**3,475,762**	**(11,216,375)**	**10,663,969**
Total comprehensive loss attributable to members of parent entity	-	-	(6,769,719)	**(6,769,719)**
Shares issued during the year (net of share issue costs)	2,664,191	-	-	2,664,191
Share options and performance rights issued	-	(1,653,782)	-	(1,653,782)
Balance at 30 June 2015	**21,068,773**	**1,821,980**	**(17,986,094)**	**4,904,659**

Consolidated Group	Contributed Equity US$	Option Premium and Share Based Payment Reserve US$	Retained Earnings US$	Total US$
Balance at 28 January 2014	**300,000**	**-**	**-**	**300,000**
Total comprehensive loss attributable to members of parent entity	-	-	(11,216,375)	**(11,216,375)**
Shares issued during the year (net of share issue costs)	18,104,582	-	-	18,104,582
Share options and performance rights issued	-	3,475,762	-	3,475,762
Balance at 30 June 2014	**18,404,582**	**3,475,762**	**(11,216,375)**	**10,663,969**

The accompanying notes form part of these financial statements

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR END 30 JUNE 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the preliminary final report of the Company, Digital CC Limited and its consolidated entities (Consolidated Entity or Group) for the year ended 30 June 2015 are stated to assist in a general understanding of the financial report. For the purposes of preparing the preliminary final report, the Company is a for-profit entity.

Digital CC Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian
Accounting Standards (AASs) and interpretations adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. All amounts are presented in United States dollars, unless otherwise noted.

b) Compliance with IFRS

The Consolidated Preliminary Final Report of the Digital CC Limited group also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

c) Historical cost convention

The Consolidated Preliminary Final Report has been prepared under the historical cost convention, except for bitcoin holdings that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Cost is based on the fair values of the consideration given in exchange for assets.

d) Going concern

The Consolidated Preliminary Final Report has been prepared on the going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

e) Foreign currency

i) Presentation currency

The Preliminary Final Report is presented in United States dollars.

ii) Functional currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United States dollars (‘USD$’), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. For all entities in the Group the functional currency has been determined to be USD$.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

f) Principles of consolidation

The Consolidated Preliminary Final Report incorporate the assets and liabilities of all subsidiaries of Digital CC Limited (Company or Parent Entity) as at period end and the results of all subsidiaries for the period then ended. Digital CC Limited and its subsidiaries together are referred to as the Group or the Consolidated Entity.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

g) Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 ‘Impairment of Assets’ 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 recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

h) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

i) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

j) Liquidity Desk, digitalX Direct and Market Making Transactions

Revenue from the sale of bitcoins through the Liquidity Desk, digitalX Direct and Market Making is recognised when the Group transfers the risks and rewards of ownership of the bitcoins to its customers. The transfer of the bitcoins is completed through the issue of electronic instructions to the bitcoin network to facilitate the transfer and the transaction is recorded into the Blockchain.

No revenue is recognised on the sale of mined bitcoins which are either sold on an exchange (i.e. not an over the counter transaction) or utilised as an exchange medium in place of fiat currency. Accordingly the amounts included on the statement of profit or loss and other comprehensive income in relation to mined bitcoins is revenue from bitcoin mining and net fait value loss on bitcoin inventory held for trading.

Cost of sales on transactions in Liquidity desk and digitalX Direct represents the fair value of bitcoins purchased in the market on the date of sale. Any fair value movements arising between date of purchase of bitcoins and the date of sale are included in the net fair value gains and losses on bitcoin inventory in the statement of profit or loss and other comprehensive income.

Accounts payable and accounts receivable which are denominated in bitcoins are initially recognised the bitcoin price on the Bitfinex exchange at transaction date and as at the reporting date are translated into United States dollars using the quoted bitcoin price on the Bitfinex exchange . Any difference between the initial transaction value and the accounts payable or accounts receivable at reporting date is recognised in net fair value gains and losses on bitcoin inventory in the statement of profit or loss and other comprehensive income.

k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

- Bitcoin Mining
  Revenue is recognised from Bitcoin mining activities as new bitcoins are received from the Bitcoin network for the rendering of Bitcoin mining services. Revenue from the rendering of Bitcoin Mining services to the Bitcoin network is recognised at the fair value of the bitcoin consideration received using the closing price of the Bitfinex exchange on the date bitcoins are received from mining.

- Interest revenue
  Interest income is recognised on a time proportion basis that takes into account the effective yield on the financial asset.

l) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income or tax loss based on the applicable income tax rate for each jurisdiction.

Deferred tax assets and liabilities are not recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit loss.

Deferred tax assets are not recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

m) Segment reporting

AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Board. The Board as a whole will make strategic decisions on the direction and activities of the Group.

n) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held with bitcoin exchanges, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

o) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.
Plant and equipment are depreciated or amortised on a reducing balance or straight line basis at rates based upon their expected useful lives as follows:

- Bitcoin mining computer equipment – diminishing value at 25% per month with the remaining carrying value of the equipment being fully depreciated in the month where the carrying value is 10% or less than the asset's original cost price.
- Computer equipment – 3 years

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives. The estimated residual value of plant and equipment has been assessed to be zero. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

Depreciation rate and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a “prospective” basis.

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount.

p) Bitcoin inventory

Bitcoin is an open-source software-based online payment system where payments are recorded in a public ledger using its own unit of account called a bitcoin. The Group is a broker-trader of bitcoin as it buys and sells bitcoins principally with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders’ margin. The Group measures bitcoin inventory at its fair value, less costs to sell, with any change in fair value less costs to sell, being recognised in profit or loss in the period of the change. Bitcoins are derecognised when the Group has transferred substantially all the risks and rewards of ownership.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Bitcoin inventory is a Level 1 fair value as it is based on a quoted (unadjusted) market price (Bitfinex exchange) in active markets for identical assets.

q) Trade and other receivables

Trade and other receivables are normally with terms of 30-90 days, and are recognised initially at fair value. There is an ongoing review as to the collectability of trade receivables, with debts known to be uncollectible written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

Trade and other receivables are assessed for indicators of impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

t) Employee benefits

Short term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.
The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

u) Goods and services or Value Added Tax

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

- where the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST or VAT.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.
Cash flows are presented on a gross basis. The GST or VAT component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) after tax attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

w) Share based payments

Employees and consultants of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

NOTE 2: CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Critical judgements in developing and applying accounting policies

The following are the critical judgements, apart from those involving estimations (see Note 2(e) below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

a) Revenue from Bitcoin Mining

The Group generates revenue by providing computer processing activities, known as hashing, for bitcoin generation and transaction validation services on the public ledger system known as the Bitcoin Blockchain. In the crypto-currency industry such activity is generally referred to as Bitcoin mining. The Group receives consideration for providing such Bitcoin mining activities in the form of Bitcoins. The Group has determined that the substance of its Bitcoin mining activities is service provision under the scope of AASB 118 *Revenue* notwithstanding that there is no contractual arrangement under which it provides such services as the services are provided instead through open source software being the Bitcoin protocol. Furthermore, the nature of the Bitcoin protocol is such that the Group is unable to determine in advance the consideration that it will receive, if any, for the Bitcoin mining services that it provides and, therefore, the Group is unable to estimate reliably the outcome of its mining activities in advance of actual receipt of consideration in the form of Bitcoins. Because of the uncertainty over both the timing and amount of the consideration that the Group will receive for undertaking mining activities

Management has determined that revenue should only be recognised on actual receipt of Bitcoins as consideration for services provided.

Bitcoins received for mining activities are, therefore, recognised as revenue at fair value on the day of receipt in a private wallet controlled by the Group. The fair value of Bitcoins received is determined in accordance with the Group's accounting policy; see Note 2(c) Fair value of Bitcoins below. Bitcoin received are recognised immediately as Bitcoin inventory.

b) Bitcoin inventory

Management considers that the Group's bitcoins are a commodity. As International Financial Reporting Standards do not define the term 'commodity' Management has considered the guidance in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (AASB 108) that allows an entity to consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practice to the extent that these do not conflict with the requirements of the International Financial Reporting Standards and the International Accounting Standards Board *Conceptual Framework.* Under United States Generally Accepted Accounting Principles (US GAAP) as set out in the Master Glossary of the Accounting Standards Codification a commodity has been defined as "products whose units are interchangeable, are traded on an active market where customers are not readily identifiable, and are immediately marketable at quoted prices." Based on this definition and the guidance in AASB 108 Management has, therefore, determined that Bitcoins are a commodity notwithstanding that Bitcoins lack physical substance.

The Group's activities include trading Bitcoins, primarily the buying and selling of Bitcoins and to a lesser extent trading in other Bitcoin trading products and, therefore, subsequent to initial recognition Bitcoin inventory (whether received as consideration for mining activities or acquired through purchase) is held at fair value less costs to sell reflecting the Group's purpose of holding such Bitcoin inventory as a commodity broker-trader. As a result of the Bitcoin protocol costs to sell of Bitcoin inventories are immaterial and no allowance is made for such costs. Changes in the amount of Bitcoin inventories, based on fair value, are included in profit or loss for the period.

c) Fair value of Bitcoins

Bitcoin inventory measured at fair value using the quoted price in United States dollars on the Bitfinex exchange (www.Bitfinex.com) at midday United States Eastern Standard Time. Management considers this fair value to be a Level 1 input under the AASB 7 *Fair Value Measurement* fair value hierarchy as the price on the Bitfinex exchange represents a quoted price (unadjusted) in an active market for identical assets. Management has selected the Bitfinex exchange as it is a major Bitcoin exchange with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

d) Normal operating cycle

The Group is in its second year of operations in a newly emerging industry and management do not consider that there is currently a clearly identifiable normal operating cycle for a business of this nature. For the purposes of this Preliminary Final Report the Group has, therefore, presented a classified balance sheet presenting current and non-current assets and liabilities assuming a normal operating cycle of 12 months. The Group will continue to reassess whether this assumption remains appropriate at each reporting date. As set out in Note 1 above and Note f(i) below the future economic benefits of the Bitcoin computer mining hardware is expected to be consumed at the rate of 25% per month on a diminishing value basis. A consequence of this basis of depreciation is that Bitcoin computer mining hardware is presented as a current asset in the Statement of Financial Position.

e) Capitalisation of Development costs

The Group has been engaged in the development of its mobile application remittance software, "AirPocket", the development activities are part of an internal project that sources internal software development team and outsourcing of development activities to external contractors.

As per the conditions specified in AASB 138, the Company has evaluated the future economic benefit by modelling the expected future cash flows to estimate a value of the asset. The estimated amount confirms that the intangible asset is eligible to be recognised.

An intangible asset arising from the development phase of an internal project shall be recognised if, and only if, an entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The company has evaluated the criteria required to be satisfied for an intangible asset arising from the development phase of an internal project to be recognised and conclude that all conditions required to recognise an intangible asset generated from development of an internal project have been demonstrated.

f) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Property plant and equipment

The Bitcoin computer mining hardware is used to generate Bitcoins (refer to discussion on Revenue from Bitcoin Mining discussed in Note 1(k) above. The rate at which the Group generates Bitcoins and, therefore, consumes the economic benefits of its Bitcoin computer mining hardware is influenced by a number of factors including the following:

- the complexity of the Mining process which is driven by the algorithms contained within the Bitcoin open source software;
- the general availability of appropriate computer processing capacity on a global basis (commonly referred to in the industry as hashing capacity which is measured in Petahash units); and
- technological obsolescence reflecting rapid development in the Bitcoin mining computer hardware industry such that more recently developed hardware is more economically efficient to run in terms of Bitcoins mined as a function of operating costs, primarily power costs i.e. the speed of hardware evolution in the industry is such that later hardware models generally have faster processing capacity combined with lower operating costs and a lower cost of purchase.

Because of both the Group and the industry's relatively short life cycle to date management has only limited data available to it. Furthermore the data available also includes data derived from the use of economic modelling to forecast future Bitcoin generation and the assumptions included in such forecasts, including Bitcoin price and network difficulty, are derived from management assumptions which are inherently judgemental. Based on current data available to it management has determined that 25% diminishing value best reflects the current expected useful life of Bitcoin computer mining hardware. Management will review this estimate at each reporting date and will revise such estimates as and when data comes available. Whilst it is currently expected that the Group will dispose by sale of Bitcoin mining hardware at the end of its useful life due to the small volume of such transactions to date the Bitcoin computer mining hardware has been assumed to have no residual value at the end of its useful life. Management will review the appropriateness of its assumption of nil residual value at each reporting date.

As set out in Accounting Policy note 1 (o) management also assess whether there are any indicators of impairment of property, plant and equipment at the end of each reporting period and if any such indication exists, the Group will estimate the recoverable amount of its property, plant and equipment, including the Bitcoin mining computer hardware.

To the extent that any of the assumptions underlying management's estimate of the useful life of the Bitcoin mining computer hardware are subject to revision in a future reporting period either as a result of changes in circumstances or through the availability of better data then in future the rate of depreciation may change impacting both the depreciation expense charged to the profit or loss and the carrying value of Bitcoin mining computer hardware in the Statement of Financial Position.

(ii) Taxation

Income taxes

The Group operates in a newly emerging industry and the application of taxation laws in Australia, the United States and Iceland (the principal countries in which the Group currently operates) in relation to the Group's activities may change from time to time. Changes in the taxation laws or in assessments or interpretation or decisions in respect of, but not limited to the following, may have a significant impact on the Group's results:

- Jurisdiction in which and rates at which income is taxed;
- Jurisdiction in which and rates at which expenses are deductible;
- The nature of income taxes levied, for example whether taxes are assessed on the revenue account or on the capital account;
- Requirements to file tax returns; and
- The availability of credit for taxes paid in other jurisdictions, for example through the operation of double taxation treaties

In recognition of the limited trading and tax history of the Group, management do not consider there is sufficient evidence of probability of the ability to utilise temporary differences and tax losses and hence no deferred tax asset has been recognised as at 30 June 2015 in relation to these assets. The Group will continue to assess the performance and may in future recognise some or all of these assets.

The Group has taken the approach to calculate income tax expense on the basis that all revenue and expenses are attributable to its operations in Australia and for employee costs incurred in the United States plus an appropriate mark-up.

Notwithstanding that the Group has concluded that it will only be liable for tax in Australia and the United States, the Group has made some preliminary estimates on the liability which may arise should the Icelandic tax authorities conclude that the Group is taxable in Iceland. In making this assumption the Group has considered a range of possible scenarios and believe it to be remote that the Group will not be entitled to the deductibility of related expenses incurred. On this basis the Group estimates the Icelandic tax liability as at 30 June 2015 not to be material. Currently the corporate tax rate in Iceland is 20% and no tax treaty exists between Iceland and Australia.

(iii) Options and performance rights

During the financial year the Directors reassessed the probability that the Class A and Class B Performance Rights would vest at 30 June 2015 and 30 June 2016 respectively.

On completion of the Acquisition by Digital CC Limited of Digital CC Holdings Pty Ltd on 6 June 2014, the following Performance Rights were issued to the Directors outlined above and other Vendors:

- 16,633,420 Class A Performance Rights which will vest on 1 July 2015 if the earnings before interest, tax, depreciation and amortisation in the Company in the period from 1 January 2014 to 30 June 2015 is $9,000,000 or greater. The fair value of the performance rights is $0.286 each and was initially accounted for based on a probability of 35% that the performance hurdle is achieved as at 30 June 2014. The Directors have reassessed the probability the Class A Performance Rights will vest to 0%. Therefore the fair value of the Class A Performance Rights has been determined to be nil; and
- 8,316,710 Class B Performance Rights which will vest on 1 July 2016 if the same earnings before interest, tax depreciation and amortisation in the Company in the period between 1 July 2015 and 30 June 2016 is $30,000,000 or greater. The fair value of the performance rights is $0.286 each and was initially accounted for based on a probability of 5% that the performance hurdle is achieved at 30 June 2014. The Directors have reassessed the probability that the Class B Performance Rights will vest to 0%. Therefore the fair value of the Class B Performance Rights has been determined to be nil.

The financial effect of the reassessment is a credit to the income statement in the current financial year of $1,653,782 as the performance rights are not expected to vest.

(iv) Investment in Joint Venture

On 4 August 2014, the Group incorporated Digital CC Ventures Pty Ltd to hold its 50% interest in HashMax Inc, the joint venture company which operates Mintsy. During the financial year the Group has made an equity contribution of US$1,145,350 to HashMax Inc, in order to fund the start-up costs of Mintsy, by providing Mining Hardware, Software development and administrative support.

As at 30 June 2015 an assessment was made to determine whether any impairment loss is to be recognised with respect to the interest in the Joint Venture. In identifying if impairment exists, the carrying amount was compared to the recoverable value. In determining the recoverable value the following was estimated:

- Share of the present value of the estimated future cash flows expected to be generated by Mintsy including the cash flows from operations and the proceeds from the ultimate disposal of the investment

From the assessment made the Directors have determined that due to unfavourable decline in the Bitcoin price the recoverable value of the investment in Mintsy has been impaired and a write down of US$1,047,011 was recognised.

NOTE 3: DIVIDENDS

There are no dividends paid or declared during the period.

NOTE 4: SEGMENT INFORMATION

Segment reporting

Based on the information used for internal reporting purposes by the chief operating decision maker, being the executive management committee that makes strategic decisions, at 30 June 2015 the group operated two reportable segments being the Bitcoin mining and trading operations.

	Bitcoin mining		Trading		Unallocated		Mined Coins Transfer Elimination		Total	
	Year ended 30-Jun-15	6 months ended 30-Jun-14	Year ended 30-Jun-15	6 months ended 30-Jun-14	Year ended 30-Jun-15	6 months ended 30-Jun-14	Year ended 30-Jun-15	6 months ended 30-Jun-14	Year ended 30-Jun-15	6 months ended 30-Jun-14
Segment reporting	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Revenue										
Bitcoin mining revenue	6,414,134	3,959,558							6,414,134	3,959,558
Net fair value gain/(loss) on bitcoins held	(3,109,492)	393,297							(3,109,492)	393,297
Liquidity Desk revenue			18,551,539	-			(3,787,315)	-	14,764,224	-
digitalX Direct revenue			10,520,572	-					10,520,572	-
Market Making revenue			4,052,340	-					4,052,340	-
Other income	798,673	43,027	48,226	-	2,456	13,453			849,355	56,480
Total segment income	4,103,315	4,395,822	33,172,677	-	2,456	13,453	(3,787,315)	-	33,491,133	4,409,335
Results										
Segment result										
Profit/ (Loss) before income tax	(3,759,713)	518,839	88,791		(3,125,938)	(11,708,073)			(6,796,860)	(11,189,234)
Income tax expense	27,141	(27,141)				-			27,141	(27,141)
Profit / (Loss) after income tax	(3,732,572)	491,698	88,791		(3,125,938)	(11,708,073)			(6,769,719)	(11,216,375)
Assets										
Segment assets	1,182,787	11,242,892	1,368,323	-	3,040,456	370,098			5,591,566	11,612,990
Total assets	1,182,787	11,242,892	1,368,323	-	3,040,456	370,098			5,591,566	11,612,990
Liabilities										
Segment liabilities	81,178	845,039			605,729	103,981			686,907	949,020
Total liabilities	81,178	845,039			605,729	103,981			686,907	949,020
Other										
Depreciation of segment assets	3,631,013	1,831,040			6,585	89			3,637.598	1,831,129
Amortisation of segment assets	-	1,900			5,946	-			5,946	1,900

	Bitcoin mining		Trading		Unallocated		Mined Coins Transfer Elimination		Total	
	Year ended 30-Jun-15	6 months ended 30-Jun-14	Year ended 30-Jun-15	6 months ended 30-Jun-14	Year ended 30-Jun-15	6 months ended 30-Jun-14	Year ended 30-Jun-15	6 months ended 30-Jun-14	Year ended 30-Jun-15	6 months ended 30-Jun-14
Segment reporting	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Reconciliation of underlying EBITDA										
Profit/ (Loss) after income tax									(6,769,719)	(11,216,375)
Interest									(2,456)	(13,661)
Taxation									(27,141)	27,141
Depreciation									3,637,598	1,831,129
Amortisation									5,946	1,900
EBITDA									(3,155,772)	9,369,866

NOTE 5: OTHER INCOME

	CONSOLIDATED GROUP	
	Year ended 30-Jun-15 US$	6 months ended 30-Jun-14 US$
Interest received	2,456	13,661
Sale of Bitcoin mining hardware	227,238	42,819
Lease of Bitcoin mining hardware	535,804	-
Gain on trading mined coins	48,226	-
Other Income	35,631	-
Total other income	**849,355**	**56,480**

NOTE 6: PROFESSIONAL AND CONSULTANCY FEES

	CONSOLIDATED GROUP	
	Year ended 30-Jun-15 US$	6 months ended 30-Jun-14 US$
Legal fees	470,584	434,713
Consulting fees	237,634	210,888
Tax Consulting fees	106,173	
Audit fees	239,887	140,739
Total professional and consultancy fees	**1,054,278**	**786,340**

NOTE 7: OTHER EXPENSES

	CONSOLIDATED GROUP	
	Year ended 30-Jun-15 US$	6 month's ending 30-Jun-14 US$
Office and administration	159,557	151,733
Bank charges	9,093	2,527
Computer hardware repair	-	1,745
Inventory shrinkage	-	253,272
Other Expenses	385,123	31,368
Total other expenses	**553,773**	**440,645**

NOTE 8: INCOME TAX RECOGNISED IN PROFIT AND LOSS

	CONSOLIDATED GROUP Year ended 30-Jun-15 US$	CONSOLIDATED GROUP 6 months ending 30-Jun-14 US$
Current tax expense		
Current period – income tax charge / (income)		
Australia	-	17,880
USA	-	9,261
Adjustment – current income tax of previous periods		
Australia	-	-
USA	-	-
Deferred income tax		
Origination and reversal of temporary differences	(1,546,892)	(331,371)
Temporary differences not recognised	1,546,892	331,371
Total income tax expense in income statement	**-**	**27,141**

Numerical reconciliation of tax expense to prima facie tax payable:

Loss before tax – continuing operations	6,796,860	11,189,234
At the Group's statutory income tax rates of Australia: 30%, USA 36%	(2,039,058)	(3,356,770)
Differences in income tax expense due to:		
Effect of expenses that are not deductible in determining taxable profit	82,769	3,306,757
Impairment losses that are not deductible	314,103	(255,540)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,539)	1,323
Other	69,692	-
	(1,574,033)	(304,230)
Deferred Tax Assets not recognised	1,546,892	331,371
Income tax expense/(benefit) recognised in profit or loss	**(27,141)**	**27,141**

The tax rate used for the reconciliation above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Current tax assets and liabilities

Current tax liability:		
Income tax payable	-	27,141
Total current tax liability	**-**	**27,141**

NOTE 9: CURRENT ASSETS - TRADE & OTHER RECEIVABLES

	CONSOLIDATED GROUP	
	30-Jun-15 US$	30-Jun-14 US$
Trade receivables	991,249	155,340
GST receivable	27,724	73,514
Deposit on oil and gas permit in Spain	-	207,422
VAT receivable - Iceland	39,895	1,082,857
Auction deposit held with US Federal Government[1]	-	600,000
HashMax Inc Receivable	165,064	-
Other	37,959	35,843
Total trade and other receivables	**1,261,891**	**2,154,976**

[1] On 23 July 2014, the deposit of US$600,000 which was provided to the US Marshalls as part of its bitcoin auction, was returned to Digital CC USA LLC.

NOTE 10: PREPAYMENTS

	CONSOLIDATED GROUP	
	30-Jun-15 US$	30-Jun-14 US$
Current		
Prepayment of Power and Hosting expenses	-	87,500
Prepayment of future cash calls for restoration obligations	77,198	88,825
Prepayment of Insurance and ASX Listing fees	8,684	44,122
Total Prepayments	**85,882**	**220,447**

NOTE 11: CURRENT ASSETS - BITCOINS

	CONSOLIDATED GROUP	
	30-Jun-15 US$	30-Jun-14 US$
Bitcoins	1,011,230	2,324,437
Total Bitcoins	**1,011,230**	**2,324,437**

Bitcoins were fair valued using the mid-day Bitfinex price as at 30 June 2015 of $262.48 per bitcoin (2014: $640 per bitcoin).

NOTE 12: CURRENT ASSETS - BITCOIN MINING HARDWARE

	CONSOLIDATED GROUP	
	30-Jun-15 US$	30-Jun-14 US$
Bitcoin Mining Computer Hardware		
Cost	5,330,160	4,133,105
Accumulated depreciation	(5,198,497)	(1,830,810)
Net Carrying amount	**131,663**	**2,302,295**
Reconciliation		
Carrying amount at beginning of period	2,302,295	-
Additions	2,309,054	4,133,105
Disposals	(848,673)	-
Depreciation charge for the period	(3,631,013)	(1,830,810)
Carrying amount at end of period, net of accumulated depreciation	**131,663**	**2,302,295**

NOTE 13: NON - CURRENT ASSETS - INTANGIBLE ASSETS

	CONSOLIDATED GROUP	
	30-Jun-15 US$	30-Jun-14 US$
Intellectual property		
Cost	480,629	33,000
Accumulated amortisation	(4,267)	(1,900)
Net Carrying amount	**476,362**	**31,100**
Reconciliation		
Carrying amount at beginning of period	31,100	-
Additions	470,628	33,000
Disposals	(19,420)	-
Amortisation charge for the period	(5,946)	(1,900)
Carrying amount at end of period, net of accumulated amortisation	**476,362**	**31,100**

NOTE 14: CURRENT LIABILITIES - TRADE & OTHER PAYABLES

	CONSOLIDATED GROUP	
	30-Jun-15 US$	30-Jun-14 US$
Trade payables	321,746	418,267
PAYG withholding payable	41,965	19,320
Payroll accrual	46,046	-
Total trade and other payables	**409,757**	**437,587**

NOTE 15: NON - CURRENT LIABILITIES - RESTORATION PROVISION

	CONSOLIDATED GROUP	
	30-Jun-15 US$	30-Jun-14 US$
Restoration provision for environmental rehabilitation[1]	103,981	103,981
	103,981	**103,981**

[1] Restoration provision relates to the prior operations of Macro Energy Limited.

NOTE 16: ISSUED CAPITAL

a) Issued and paid up Capital

	CONSOLIDATED GROUP	
	30-Jun-15 US$	30-Jun-14 US$
Fully paid ordinary shares	21,068,773	18,404,582
	21,068,773	**18,404,582**

b) Movement in Ordinary Share Capital

Date	Details	Number of Shares	Issue Price A$	US$
1 July 2015	Opening Balance	167,939,643		18,404,582
15 October 2014[1]	Issue of shares to owners of Cryptsy	833,334	0.20	145,348
9 April 2015[2]	Share buy-back and cancellation	(8,276,465)		
28 May 2015[3]	Placement of shares	15,909,091	0.22	2,698,485
	Share Issue costs			(179,642)
30 June 2015	Closing Balance	176,405,603		21,068,773

[1] The Company issued 833,334 shares to the owners of Cryptsy (Terraboss Inc), the 50% joint venture partners in Mintsy, as consideration in accordance with the Joint Venture Agreement for Terraboss to contribute technical skills, management skill, website integration with Cryptsy.com and enable the joint venture to market its offerings to existing Cryptsy.com users as appropriate for the promotion of Mintsy.

[2] The Company had conducted a Selective Share Buy-back and Cancellation, of 8,276,465 shares, as part of a mutual agreement between Digital and PeerNova, releasing one another from the ongoing obligations as part of the Cloudhashing agreement, no consideration was paid as part of the buy-back

[3] On the 28 of May the Company had successfully completed an oversubscribed Capital raising of AUD$3.5m via a share placement and issuing 15,909,091 shares to fund the rollout of the global remittance product AirPocket.

c) Rights Attaching to Shares

The rights attaching to fully paid ordinary shares arise from a combination of the Company's constitution, statute and general law. Fully paid ordinary shares carry one vote per share and carry a right to dividend.

NOTE 17: RESERVES

	CONSOLIDATED GROUP	
	30-Jun-14 US$	30-Jun-14 US$
Option premium and share-based payment reserve	1,821,980	3,475,762
	1,821,980	**3,475,762**

NOTE 18: CONTROLLED ENTITIES

All controlled entities are included in the consolidated preliminary final report. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event a winding up of any controlled entity. The period end of the controlled entities is the same as that of the parent entity, except for the US companies listed below which use 31 December year end.

Name of Controlled Entity	Place of Incorporation	% of Shares Held 2015	% of Shares Held 2014
Digital CC Management Pty Ltd	Australia	100%	100%
Digital CC Trading Pty Ltd	Australia	100%	100%
Digital CC IP Pty Ltd	Australia	100%	100%
Digital CC Limited	Australia	100%	100%
Digital CC Limited	Hong Kong	100%	100%
Digital CC IP Limited	Hong Kong	100%	100%
Digital CC Holdings USA Inc	United States	100%	100%
Digital CC USA LLC	United States	100%	100%
Digital CC USA Services LLC	United States	100%	100%
Digital CC Ventures Pty Ltd	Australia	100%	-
Pass Petroleum Pty Ltd	Australia	100%	100%
Pass Petroleum LLC	United States	100%	100%
Versus Energy LLC	United States	100%	100%

Year ended 30 June 2015

On 4 August 2014, the Group incorporate Digital CC Ventures Pty Ltd to hold its 50% interest in HashMax Inc, the joint venture which operates Mintsy. Digital CC Holdings Pty Ltd owns a 100% interest in Digital Ventures Pty Ltd.

NOTE 19: CASH FLOW INFORMATION

	CONSOLIDATED GROUP	
Reconciliation of cash flow from operations with profit / (loss) after income tax	30-Jun-15 US$	6 months ending 30-Jun-14 US$
Loss after income tax	(6,769,719)	(11,216,375)
Non-cash flows in loss		
Revenue from bitcoins earned	(6,414,134)	(3,959,558)
Net fair value (gain)/ loss on bitcoins	3,109,492	(393,297)
Mined Coins Sold	3,787,315	2,324,438
Bitcoin mining pool fees	-	61,562
Inventory shrinkage	-	233,435
Corporate transaction accounting expense / (benefit)	(1,653,782)	10,918,065
Depreciation	3,637,598	1,831,129
Joint Venture Investment Write-down	1,047,011	-
Amortisation	5,946	1,900
Other non-cash expenses / (income) including foreign exchange losses / (gains)	(137,953)	254,953
	(3,388,226)	56,252
Change in assets and liabilities, net the effects of purchase of subsidiaries		
Decrease / (increase) in trade and other receivable	893,084	(1,810,058)
Decrease / (increase) in prepayments	134,565	(58,245)
(Decrease) / increase in trade payables and accruals	(234,972)	254,693
(Decrease) / increase in tax payable	(27,141)	27,141
Net cash used in operating activities	**(2,622,690)**	**(1,530,217)**

NOTE 20: ASSET PURCHASE AGREEMENT

Year ended 30 June 2015

Bitfury Group – Additional Equipment

In March 2014, Digital CC Management (DCC Management) agreed to enter into four Purchase Orders (POs) with BitFury Group Limited (BitFury) for the purchase of US$4 million of bitcoin mining hardware.

As part of the purchase of the US$4 million of bitcoin mining hardware, the POs contain special terms and conditions (Purchase agreement) in relation to the provision of an additional 566TH (Terahash) (Additional Equipment) of bitcoin mining equipment, binding DCC Management to contingent profit sharing obligations.

The Additional Equipment was provided from BitFury to Digital CC for $0 upfront cost.

On 30 June 2015 a Termination agreement was entered into by the two parties releasing each over of all the obligations as stipulated in the purchase agreement. As part of the termination agreement BitFury waived the June 2015 power and hosting fee payable of US$107,629 and DCC Management had transferred all the mining hardware acquired under the purchase agreement to Bitfury, note the written down value of the equipment on 30 June 2015 was $43,000.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

Date of event	Details of event
7/8/2015	As part of the process to terminate its Mintsy Joint Venture (JV) with Cryptsy, Zhenya Tsvetnenko and Alex Karis have resigned as Directors' of HashMax Inc, the joint venture which operates Mintsy.
19/8/2015	The Board of the Digital CC Limited has resolved to issue 1,713,978 ordinary shares to key personnel of the Company, as part of their remuneration packages. This incentive equity program was put in place to incentivise performance of the Company's key personnel outside of the Board of Directors, and form a key plank of the Company's key personnel retention strategy for their ongoing service to the Company.