

29 October 2018

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

HIGHLIGHTS

- Strong cash position of \$6.2M plus \$5.0M investments (at cost)
- First digital currency investment, Acudeen, listed on BTCEXA with FGF holding value of US\$29M
- Invested in two strategic listed investments in ASX:CT1 and ASX:YPB
- Invested in two strategic private equity investments, LINCD and FutureICO
- Expanded fee pipeline from new investments and also agreement with HCash
- Maintaining modest operating cost whilst actively managing investment portfolio
- Allocating capital across different asset classes

BUSINESS AND TRADING UPDATE

First Growth Funds Limited (“FGF” or “the Company”) provides the following update on the Company’s activities during the quarter ended 30 September 2018. FGF invests across different assets and classes providing a diversified portfolio of investment opportunities.

FGF held \$6.2M in cash, \$3.18M at cost value in Digital Currency & Private Equity investments and \$1.82M at cost value in listed equities at 30 September 2018. FGF also held US\$29M in exchange listed digital currencies at the end of the September quarter.

FGF was very active during the quarter with the successful deployment of its business model with the positioning of fee income alongside its investment returns.

The Company completed two strategic private equity investments in LINCD and FutureICO and also facilitated the placement of Penta tokens in CCP Technologies (ASX:CT1). This is the first time a listed company completed a placement using digital currency tokens. FGF also secured an agreement with HCash to place up to \$15M of tokens in listed equities subject to regulatory approval. FGF will be entitled to up to \$900,000 in success fees.

YPB Systems (ASX:YPB) is the first Australian listed company that has received regulatory approval to issue its own token. FGF led a convertible note investment (with 10% interest income) and secured 20% of their tokens and also up to US\$350,000 in facilitation fees and 6% success fees.

In the September quarter, Acudeen listed its token on a digital currency exchange with two trading pairs and the company is well advanced in listing on additional exchanges.

FGF continued to operate a strict fiscal policy over its operating expenditure spending \$275,000 for the September quarter compared to \$324,000 in the June quarter.

Listed Equities

At 30th September, FGF held \$2.0M in listed equities with a cost base of \$1.82M. FGF invested in listed equities during this quarter providing positive returns.

It invested in a mix of pre-IPO investment, small and large caps, and also strategic placements including CCP Technologies Limited (ASX:CT1). FGF invested \$250,000 plus also facilitated the investment from Penta Global that invested \$561,247 using its tokens. FGF is entitled to a \$33,675 fee for facilitating the investment. FGF also received a fee from its pre-IPO investment.

FGF successfully listed Pearl Global (ASX:PG1) in February 2018. The Company has developed a mobile solution that can be transported to any remote location for recycling tires. This is particularly useful for the mining sector that holds a large inventory of tyres with prohibitive costs of transporting these to recycling plants. During the September quarter, Pearl Global announced it had successfully completed final adjustments to its materials handling design in order to move to continuous 24/7 operations.

On 29 August 2018, FGF announced a strategic investment in YPB Systems (ASX:YPB). YPB has developed an anti-counterfeit platform and solution. YPB raised \$1.6M in equity and a further \$1.5M convertible note from strategic investors from the blockchain sector including Blockchain Global Limited and DigitalX Limited (ASX:DDC). FGF led the convertible note investment with \$500,000. FGF is entitled to a 6% or \$90,000 success fee on the convertible note placement.

The convertible note will provide FGF with 10% interest income on a 3-year term. As part of the investment, FGF also secured 20% of the YPB tokens, which will be issued in the coming months.

Additionally, FGF is entitled to US\$175,000 in fees from the first \$1M raised by YPB and a further US\$175,000 in fees from the second \$1M raised by YPB. FGF is also entitled to 6.25% of all funds received by YPB token sales once the milestone of US\$5M is reached.

Private Equities

FGF acquired 100% of LINCD and also provided a US\$250,000 loan. LINCD's solution provides fast and cost effective integration of blockchain protocols into legacy software systems. This allows businesses to leverage the capability of blockchain without the complexity and cost of integration. FGF is in discussions with a number of parties about a possible acquisition of LINCD.

FGF signed a term sheet with FutureICO for US\$285,000 for 25% shareholding. FutureICO is a joint venture company setup by DigitalX Limited (ASX:DCC), Blockchain Global Limited and Big Start Pty Ltd. FutureICO is a platform that provides a secure and compliant solution for companies looking to issue their tokens and digital currencies.

Digital Currencies

Acudeen listed its tokens on BTCEXA with Tether (US backed token) trading pair. It subsequently added the Bitcoin trading pair. At 30 September 2018, FGF's 20% holding was valued at US\$29M. Acudeen is preparing to list the token on additional exchanges that may also include additional trading pairs. We anticipate the addition of new exchanges and trading pairs will help generate more opportunities to sell the tokens and gain liquidity.

On 24 October 2018, CryptoData Vault listed their Sovereign Cash token on BTCEXA with the Bitcoin trading pair. FGF had secured 15.56% of all Sovereign Cash Tokens and based on the list price, values FGF's holding at US\$3.89M. Sovereign Cash is preparing to list the token on additional exchanges that may also include additional trading pairs.

FGF has structured these investments to include a very large ownership holding in the tokens plus fees. Our fees are typically higher than our investment amount and we will seek to convert our tokens over time to Australian dollars as soon as practical and subject to liquidity in the token.

In addition to selling our tokens on exchanges, FGF may also find liquidity by investing our tokens for equity in private or public companies subject to regulatory approval and token agreements.

CASH AND INVESTMENTS

As at the date of this report the Company held approximately \$6.2M in available cash.

Investments held by the Company at the date of this report:

ASX Listed investments with combined market valuation of \$2.0M

Total Private investments at cost valuation of \$1.68M

Total Digital Currencies at cost valuation of \$1.5M

Note: The Company applies cost valuation on private investments until such time as the investments can be valued by the market accordingly such as exchange listing, trade sale or a liquidity event.

ISSUED CAPITAL

The following table represents the total equity instruments on issue in First Growth Funds Ltd

Equity Category	Details	Number on Issue
Listed Ordinary Shares	ASX : FGF	1,555,959,281
Options	Unlisted Options Strike Price of \$0.03	292,257,907

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

First Growth Fund Limited

ABN

Quarter ended ("current quarter")

34 006 648 835

30 September 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1	Cash flows from operating activities		
1.1	Receipts from customers	0	0
1.2	Payments for:		
	(a) research and development	0	0
	(b) product manufacturing and operating costs	0	0
	(c) advertising and marketing	(33)	(33)
	(d) leased assets	0	0
	(e) staff costs	(69)	(69)
	(f) administration and corporate costs	(173)	(173)
1.3	Dividends received (see note 3)	5	5
1.4	Interest received	27	27
1.5	Interest and other costs of finance paid	0	0
1.6	Income taxes paid	0	0
1.7	Government grants and tax incentives	0	0
1.8	Other - proceeds from trading	2,154	2,154
	Other - trading payments	(3,589)	(3,589)
1.9	Net cash from / (used in) operating activities	(1,678)	(1,678)

2 Cash flows from investing activities		Current quarter \$A'000	Year to date (3 months) \$A'000
2.1	Payments to acquire:		
	(a) property, plant and equipment	0	0
	(b) businesses (see item 10)	(1)	(1)
	(c) investments	(358)	(358)
	(d) intellectual property	0	0
	(e) other non-current assets	0	0
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	0	0
	(b) businesses (see item 10)	0	0
	(c) investments	215	215
	(d) intellectual property	0	0
	(e) other non-current assets	0	0
2.3	Cash flows from loans to other entities	0	0
2.4	Dividends received (see note 3)	0	0
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	(144)	(144)

3	Cash flows from financing activities	Current quarter \$A'000	Year to date (3 months) \$A'000
3.1	Proceeds from issues of shares	0	0
3.2	Proceeds from issue of convertible notes	0	0
3.3	Proceeds from exercise of share options	0	0
3.4	Transaction costs related to issues of shares, convertible notes or options	0	0
3.5	Proceeds from borrowings	0	0
3.6	Repayment of borrowings	0	0
3.7	Transaction costs related to loans and borrowings	0	0
3.8	Dividends paid	0	0
3.9	Other (provide details if material)	0	0
3.10	Net cash from / (used in) financing activities	0	0

4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	8,025	8,025
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,678)	(1,678)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(144)	(144)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	0
4.5	Effect of movement in exchange rates on cash held	0	0
4.6	Cash and cash equivalents at end of quarter	6,203	6,203

5	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,203	8,025
5.2	Call deposits	0	0
5.3	Bank overdrafts	0	0
5.4	Other (provide details)	0	0
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,203	8,025

6	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	73
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7	Payments to related entities of the entity and their associates	Current quarter
		\$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	0
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8	Financing facilities available	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
	<i>Add notes as necessary for an understanding of the position</i>		
8.1	Loan facilities	0	0
8.2	Credit standby arrangements	0	0
8.3	Other (please specify)	0	0
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	0
9.2	Product manufacturing and operating costs	0
9.3	Advertising and marketing	0
9.4	Leased assets	0
9.5	Staff costs	(70)
9.6	Administration and corporate costs	(150)
9.7	Other - trading payments	0
9.8	Total estimated cash outflows	(220)

10	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	LINCD HQ Pty Ltd	n/a
10.2	Place of incorporation or registration	Victoria	n/a
10.3	Consideration for acquisition or disposal	(1)	n/a
10.4	Total net assets	nil	n/a
10.5	Nature of business	Investment Company	n/a

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
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Company secretary

Date: 29 October 2018

Print name: Julie Edwards

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.