

ASX ANNOUNCEMENT

31 August 2018

Appendix 4E – Preliminary Final Report DigitalX announces US\$2.59 million annual profit

- **Maiden full year profit of US\$2.59 million**
- **Full year revenue from operations of US\$8.2 million**
- **Total current assets increased to US\$11.5 million**

Perth, 31 August, 2018: DigitalX Ltd (ASX:DCC) is pleased to report a maiden full year profit of US\$2.59m.

The Company is well positioned for future growth, with positive operating cash flows and total current assets of over US\$11.5m. DigitalX generated operating revenues of over US\$8 million in the full year, with the majority generated from the Company's established service offerings of blockchain consulting and Initial Coin Offering (ICO)/ Security Token Offering (STO) advisory.

With DigitalX well-funded in the early part of the financial year, the management team focused on bringing new services to market to position the Company as the leading service provider for the blockchain and cryptoasset industry over the medium term.

"DigitalX has been growing its business operations to provide revenues to reduce the impact of digital asset fluctuations. We have a robust business in which our operating revenue is decoupled from the volatility of digital currency holdings," said DigitalX CEO Leigh Travers.

The four service lines the group now operates are ICO/STO advisory, funds management, blockchain consulting and Coincast Media's marketing and education arm.

"DigitalX has reversed a full year loss in 2017 to become a well capitalised company that's in a strong position to take advantage of the growth in cryptoassets," said Mr Travers.

DigitalX was appointed ICO advisor to projects that raised in excess of AU\$500 million for domestic and international ICO projects during the financial year.

"DigitalX is becoming a globally trusted brand for delivering quality services, in addition to our network within the blockchain industry all over the world," said Mr Travers.

During the year, DigitalX also launched its funds under management division and Coincast Media joint venture. The funds management personnel have had extensive engagement with prospective partners and regulators in two investment fund jurisdictions, Panama and Malta.

Coincast Media launched a weekly Blockchain TV show which airs on Sky News Business and is available on Apple TV.

-Ends-

About DigitalX

DigitalX is positioned as the leading publicly listed blockchain corporate advisory firm globally. DigitalX is based out of Perth and New York and provides ICO/STO advisory services, funds management, Blockchain consulting services and Coincast Media. DigitalX's partners can use DigitalX's Blockchain technology expertise to deliver innovative products to global markets.

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**ASX APPENDIX 4E – PRELIMINARY FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2018**

DigitalX Ltd

ABN 59 009 575 035



APPENDIX 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Reporting Period

Financial Period 30 June 2018.

Previous Corresponding Period (PCP)

The previous corresponding period for the Group is the period end 30 June 2017.

| | % change from financial period ending 30 June 2017 | \$USD |
|---|--|-----------|
| Revenue from ordinary activities | ↑ 100% | 8,211,408 |
| Profit from ordinary activities after tax attributable to members | ↑ ¹ | 2,595,834 |
| Profit for the period attributable to members | ↑ ¹ | 2,595,834 |

¹ As the entity was in a loss making position in the previous reporting period no percentage change has been disclosed.

Net tangible asset per ordinary share

| 2018 US cents/share | 2017 US cents/share |
|------------------------|------------------------|
| 0.022 | (0.003) |

Dividends paid or recommended

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

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

Not applicable.

Entities over which control has been gained during the period

DigitalX Funds Management Pty Ltd (Refer to Note 11 of the Notes to the Financial Report).

DigitalX Fund Unit Trust (Refer to Note 11 of the Notes to the Financial Report).

Associates and joint venture entities

Digital Multiplier Pty Ltd (Refer to Note 11 of the Notes to the Financial Report).

COMMENTARY ON THE RESULTS FOR THE PERIOD

Operating results

DigitalX is pleased to report a consolidated profit attributable to members of the group after providing for income tax amounted to \$USD 2,595,834 (2017: loss of \$USD 3,973,761).

With the Group well-funded in the early part of the financial year, the management team focused on bringing new services to market that would position the Group as a leading service provider for the blockchain and cryptoasset industry over the medium term. The four service lines the Group operates are Initial Coin Offering (ICO) and Security Token Offering (STO) advisory, funds management, blockchain consulting and Coincast Media's marketing and education arm.

The Group is pleased to have navigated an extremely volatile market with a focus on increasing its profile in the industry, increasing assets on the balance sheet and by delivering a maiden full year profit for shareholders.

ICO/STO Advisory

DigitalX commenced ICO advisory services in August 2017 and quickly established an extremely strong record of delivering high quality services to clients. The Group provided advisory services to projects that raised in excess of AU\$500m during the period.

The advisory services team specialised in three main categories; technical due diligence, marketing and promotion; and introductions to DigitalX's network.

The technical services typically included a crypto-economic review of the businesses token model, review of product at launch and review of smart contracts utilised in the ICO process.

The marketing and promotional services were guided by our marketing partners across cryptocurrency and mainstream media. This enabled our clients to be featured in some of the world's highest profile media across print, digital and television. DigitalX and our marketing partners created high quality content, including videos that were published and shared more than half a million times across mainstream news and social media networks and later formed the basis of our learnings for the new business of Coincast Media.

We have generated value for our ICO clients by introducing them to high-net-worth cryptocurrency investors and digital currency exchanges. As the world's first publicly listed Blockchain company and with a team that has been involved in the entire Blockchain ecosystem including mining, trading and Blockchain development, DigitalX has an enviable network.

Blockchain consulting

DigitalX continued to provide services to a small number of groups during the quarter with highlights including publicly listed clients and a tier 1 global energy firm. DigitalX is currently tailoring an offering to deliver an introduction to Blockchain technology, with proof of concept, to ensure clients can receive validation for adopting the technology at a rapid rate.

Funds under management

In April 2018, the Group announced the opening of the funds under management division, DigitalX Investments, to give high net worth and institutional investors access to a portfolio of cryptoassets. DigitalX's first fund invests predominantly in the leading cryptocurrencies, with a smaller allocation towards special trading opportunities including ICOs. The fund outperformed the top 10 index during the period and is well placed to attract further interest from sophisticated investors, family offices and institutions looking to gain access to the asset class.

The funds management team has developed extensive research on the marketplace as well as detailed research notes on individual assets within the fund. The fund is planning a large-scale marketing effort in the coming quarter. Funds management personnel had extensive engagement with prospective partners and regulators in two major investment fund jurisdictions, Panama and Malta, as the Group considers opportunities to expand its funds management division into the international market.

Coincast Media

Coincast Media is a new cryptocurrency business news website and online cryptocurrency education platform and television show. Coincast Media generated revenue of more than AUD\$200,000 for the June 2018 quarter and a modest profit. Coincast Media's digital assets are quickly attracting interest with over half a million digital impressions and the team has been attracting major interest at conferences. The Coincast TV program has successfully launched to provide mainstream media coverage for exciting blockchain businesses. The TV show's revenue will be generated through a mix of corporate sponsorships and sponsored content.

Future Developments

After successfully scaling up our team, DigitalX is continuing to consider ways to expand our business verticals by building on our strong position as a leader in the Blockchain space.

At the end of the 2018 Financial Year, having delivered its maiden full year net profit, DigitalX now sits in a strong position to continue to grow its business arms with the aim of expanding on its results over this year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

| | <i>Note</i> | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|---|-------------|-------------------------------------|-------------------------------------|
| Revenue from operations | 3 | 8,211,408 | - |
| Net gain on digital assets | 4 | 1,685,053 | 18,141 |
| Other Income | 4 | 9,398 | 28,992 |
| Professional and consultancy fees | 5(a) | (2,020,899) | (521,096) |
| Corporate expenses | | (334,831) | (221,425) |
| Advertising, media and investor relations | | (249,875) | (333,886) |
| Employee benefit expenses | | (1,597,924) | (853,607) |
| Share based payments – employee benefits | | (1,285,386) | (109,729) |
| Depreciation | | (12,295) | (13,057) |
| Intangible asset impairment | 13 | - | (953,653) |
| Realised and unrealised foreign exchange losses | | (270,259) | (25,141) |
| Fair value adjustment of derivative liability | 15 | - | 20,197 |
| Fair value adjustment of investments | | (511,059) | - |
| Interest expense | | (54,268) | - |
| Finance costs | | (682,036) | (224,335) |
| Other expenses | 5(b) | (521,697) | (395,929) |
| Equity accounted share of profit from joint venture | 11 | 37,143 | - |
| Profit/(Loss) before tax | | 2,402,473 | (3,584,528) |
| Income tax benefit/(expense) | | - | - |
| Profit/ (Loss) after income tax from continuing operations | | 2,402,473 | (3,584,528) |
| Profit/(Loss) from discontinued operations | 6 | 40,748 | (389,233) |
| Profit/(Loss) for the period | | 2,443,221 | (3,973,761) |
| Profit/(Loss) attributable to: | | | |
| Members of the parent entity | | 2,595,834 | (3,973,761) |
| Non-controlling interests | | (152,613) | - |
| | | 2,443,221 | (3,973,761) |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME (CONT...)

| | | | |
|--|---|------------------|--------------------|
| Profit/(Loss) for the period | | 2,443,221 | (3,973,761) |
| Other comprehensive income for the period | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Exchange differences on translation of operations | | (2,561) | - |
| Other comprehensive income for the period, net of tax | | (2,561) | - |
| Total comprehensive income for the period | | 2,440,660 | (3,973,761) |
| Total comprehensive income/(loss) attributable to: | | | |
| Members of the parent entity | | 2,579,947 | (3,973,761) |
| Non-controlling interests | | (139,287) | - |
| | | 2,440,660 | (3,973,761) |
| <i>Profit/Loss per share attributable to the ordinary equity holders of the parent:</i> | | | |
| Basic earnings/(loss) per share (cents) | 7 | | |
| Earnings per share from continuing operations | | 0.006 | (0.018) |
| Earnings per share from discontinued operations | | 0.000 | (0.002) |
| Total | | 0.006 | (0.02) |
| Diluted earnings/(loss) per share (cents) | 7 | | |
| Earnings per share from continuing operations | | 0.005 | - |
| Earnings per share from discontinued operations | | 0.000 | - |
| Total | | 0.005 | - |

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>Note</i> | 30 June 2018 \$USD | 30 June 2017 \$USD |
|--|-------------|-----------------------|-----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 8 | 5,772,287 | 232,225 |
| Trade and other receivables | 9 | 1,295,844 | 89,320 |
| Digital assets | 10 | 4,500,282 | 10,034 |
| Total Current Assets | | 11,568,413 | 331,579 |
| NON-CURRENT ASSETS | | | |
| Investments | 11 | 56,581 | - |
| Property, plant and equipment | 12 | 502 | 10,832 |
| Intangible assets | 13 | 49,519 | 49,519 |
| Total Non-Current Assets | | 106,602 | 60,351 |
| TOTAL ASSETS | | 11,675,015 | 391,930 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 574,696 | 362,385 |
| Derivative financial instruments | 15 | - | 121,026 |
| Interest bearing liabilities | 15 | 281,446 | 414,172 |
| Total Current Liabilities | | 856,142 | 897,583 |
| TOTAL LIABILITIES | | 856,142 | 897,583 |
| NET ASSETS/(NET ASSET DEFICIENCY) | | 10,818,873 | (505,653) |
| EQUITY | | | |
| Contributed equity | 16(a) | 30,431,588 | 22,653,332 |
| Reserves | 17 | 832,033 | 396,194 |
| Retained earnings/(losses) | | (20,959,347) | (23,555,180) |
| Capital & reserves attributable to owners of DigitalX | | 10,304,274 | (505,653) |
| Non-controlling interests | | 514,599 | - |
| TOTAL EQUITY | | 10,818,873 | (505,653) |

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

| | | Year ended 30 June 2018 \$USD | Year ended 30 June 17 \$USD |
|--|----|-------------------------------------|-----------------------------------|
| <i>Cash flows from operating activities</i> | | | |
| Receipts from customers | | 4,585,891 | - |
| Payments to suppliers and employees | | (2,532,763) | (2,609,050) |
| Other income | | 212,493 | 14,039 |
| Interest paid | | (60,000) | - |
| Proceeds from sale of bitcoin | | - | 8,964,809 |
| Payment for purchase of bitcoin | | (135,068) | (8,391,084) |
| Payments for power and hosting | | (5,000) | (199,455) |
| Net cash provided by/(used in) operating activities | 18 | 2,065,553 | (2,220,741) |
| <i>Cash flows from investing activities</i> | | | |
| Payment for intellectual property | | - | (806,547) |
| Acquisition of property plant and equipment | | (1,883) | (3,414) |
| Payment for investments including digital assets in fund | | (1,449,535) | - |
| Payment for deposits | | (11,683) | - |
| Loan to related party | | - | 152,000 |
| Net cash used in investing activities | | (1,463,101) | (657,961) |
| <i>Cash flows from financing activities</i> | | | |
| Proceeds from issue of equity securities | | 3,762,469 | 1,829,410 |
| Proceeds from issue of units in fund | | 1,366,773 | - |
| Proceeds from borrowings | | - | 239,124 |
| Proceeds from issue of convertible notes | | 225,188 | 530,352 |
| Other (Share Buy-back) | | - | (394,117) |
| Payments for share issue costs | | (180,550) | (117,409) |
| Net cash (used in)/provided by financing activities | | 5,173,840 | 2,087,360 |
| Net increase/ (decrease) in cash and cash equivalents | | 5,776,292 | (791,342) |
| Cash and cash equivalents at beginning of period | | 232,225 | 1,042,289 |
| Foreign exchange movement in cash | | (236,230) | (18,722) |
| Cash and cash equivalents at end of period | 8 | 5,772,287 | 232,225 |

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Consolidated Group | Contributed Equity \$USD | Reserves ¹ \$USD | Accumulated Losses \$USD | Total \$USD | Non-controlling interest \$USD | Total \$USD |
|--|--------------------------------|--------------------------------|--------------------------------|-------------------|--------------------------------------|-------------------|
| Balance at 1 July 2017 | 22,653,332 | 396,194 | (23,555,180) | (505,653) | - | (505,653) |
| Profit/(Loss) for the year | - | - | 2,595,834 | 2,595,834 | (152,613) | 2,443,221 |
| Other comprehensive income | - | (15,887) | - | (15,887) | 13,326 | (2,561) |
| Total comprehensive income for the period | - | (15,887) | 2,595,834 | 2,579,947 | (139,287) | 2,440,660 |
| Shares issued during the period | 7,759,367 | - | - | 7,759,367 | - | 7,759,367 |
| Units issued during the period | - | - | - | - | 653,887 | 653,886 |
| Share issue costs | (394,036) | - | - | (394,036) | - | (394,036) |
| Share based payment expense | - | 350,294 | - | 350,294 | - | 350,294 |
| Share options issued | - | 414,506 | - | 414,506 | - | 414,506 |
| Share options and performance rights converted | 375,754 | (375,754) | - | - | - | - |
| Equity component of convertible note | - | 78,465 | - | 78,465 | - | 78,465 |
| Early conversion of convertible note | 37,171 | (15,785) | - | 21,386 | - | 21,386 |
| Balance at 30 June 2018 | 30,431,588 | 832,033 | 20,959,346 | 10,304,274 | 514,600 | 10,818,874 |

The accompanying notes form part of these financial statement.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT...)

| Consolidated Group | Contributed Equity \$USD | Reserves (Option Premium & Share Based Payment) \$USD | Accumulated Losses \$USD | Total \$USD |
|--|-----------------------------|--|-----------------------------|--------------------|
| Balance at 1 July 2016 | 21,249,214 | 642,360 | (20,223,779) | 1,667,795 |
| Loss for the year | - | - | (3,973,761) | (3,973,761) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | (3,973,761) | (3,973,761) |
| Shares issued during the period | 1,939,140 | - | - | 1,939,140 |
| Share issue costs | (138,320) | - | - | (138,320) |
| Share buy-back and cancellation | (394,117) | - | - | (394,117) |
| Buy-back costs | (2,585) | - | - | (2,585) |
| Share options issued | - | 396,194 | - | 396,194 |
| Share options and performance rights lapsed | - | (642,360) | 642,360 | - |
| Balance at 30 June 2017 | 22,653,332 | 396,194 | (23,555,180) | (505,653) |

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR END 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

Since the last reporting period (Half-Year End 31 December 2017) and the previous corresponding period (30 June 2017) the Group has undertaken a number of transactions and new services for which policies or balances have not been required previously. Refer to list below for changes:

- Investment in Digital Multiplier Pty Ltd (“Coincast”) – Refer to Note 11.
- Investment in DigitalX Funds Management Pty Ltd – Refer to Note 11.
- Revenue recognition for initial coin offerings – Refer to Note 3.

Due to the changing operations of the Group described below and the discontinued operations described in Note 6, the comparatives for the previous corresponding period (30 June 2017) have been amended where it considered that it provides more relevant information and disclosure for the users of the financial report.

2. SEGMENT INFORMATION

Segment reporting

Based on the information used for internal reporting purposes by the Chief Operating Decision Maker (CODM), being the Board which makes strategic decisions, at 30 June 2018 the group operated two reportable segments being the software development and trading operations.

With the change in the Group’s service offerings the Group now has 3 reportable segments; ICO Advisory, funds under management and Technology. The Group does report media and marketing as a segment as the Group’s interest in these activities is via a joint venture as disclosed in Note 11.

In the previous corresponding period (period ended 30 June 2017) the Group had 1 reportable segment, software development which has been renamed technology in the current reporting period.

PRELIMINARY FINAL REPORT

DigitalX Ltd and controlled entities

ABN 59 009 575 035

Notes to the Financial Statements



| Segment reporting (\$USD) | ICO ADVISORY | | FUNDS UNDER MANAGEMENT ² | | TECHNOLOGY | | UNALLOCATED | | TOTAL | |
|---|------------------|--------------|-------------------------------------|--------------|------------------|------------------|--------------------|--------------------|------------------|--------------------|
| | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 |
| Results | | | | | | | | | | |
| Segment result | 8,211,408 | - | - | - | - | - | - | - | 8,211,408 | - |
| Profit/Loss before income tax | 6,441,782 | - | (141,391) | - | (123,075) | (860,027) | (3,811,986) | (2,724,501) | 2,365,330 | (3,584,528) |
| Income tax expense | - | - | - | - | - | - | - | - | - | - |
| Profit/(loss) after income tax from continuing operations | 6,441,782 | - | (141,391) | - | (123,075) | (860,027) | (3,811,986) | (2,724,501) | 2,365,330 | (3,584,528) |
| Profit/(Loss) from discontinued operations | - | - | - | - | - | - | - | - | 40,748 | (389,233) |
| Profit/(Loss) attributable to members of the parent entity | 6,441,782 | - | (141,391) | - | (123,075) | (860,027) | (3,811,986) | (2,724,501) | 2,406,078 | (3,973,761) |
| Other | | | | | | | | | | |
| Equity accounted share of profit from joint venture | - | - | - | - | - | - | - | - | 37,143 | - |
| Profit/(loss) after income tax | | | | | | | | | 2,443,221 | (3,973,761) |
| Reconciliation of underlying EBITDA | | | | | | | | | | |
| Interest | | | | | | | | | 54,268 | 18,552 |
| Taxation | | | | | | | | | - | - |
| Depreciation | | | | | | | | | 12,295 | 13,057 |
| Amortisation | | | | | | | | | - | - |
| EBITDA | | | | | | | | | 2,509,784 | (3,942,152) |

¹Revenue earned from external customers by geography and major customer information is not able to be disclosed as the information is not available to the Group.

² For the purpose of segment reporting the Funds Under Management segment does not include the operating results, segment assets or segment liabilities of the DigitalX Fund as CODM reviews the fund on a fair value basis of the Group's interest in the fund as disclosed in Note 11.

PRELIMINARY FINAL REPORT

DigitalX Ltd and controlled entities

ABN 59 009 575 035

Notes to the Financial Statements



| Segment reporting (\$USD) | ICO ADVISORY | | FUNDS UNDER MANAGEMENT | | TECHNOLOGY | | UNALLOCATED | | TOTAL | |
|--|----------------|--------------|------------------------|--------------|---------------|---------------|-------------------|------------------|-------------------|------------------|
| | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 |
| Assets | | | | | | | | | | |
| Segment assets | 965,113 | - | - | - | 49,519 | 49,519 | 10,660,383 | 301,662 | 11,675,015 | 351,181 |
| Total assets | 965,113 | - | - | - | 49,519 | 49,519 | 10,660,383 | 301,662 | 11,675,015 | 351,181 |
| Assets pertaining to discontinued operations | - | - | - | - | - | - | - | - | - | 40,749 |
| Liabilities | | | | | | | | | | |
| Segment liabilities | 23,136 | - | 24,666 | - | - | - | 808,399 | 1,046,128 | 856,141 | 1,046,128 |
| Total liabilities | 23,136 | - | 24,666 | - | - | - | 808,399 | 1,046,128 | 856,141 | 1,046,128 |
| Liabilities pertaining to discontinued operations | - | - | - | - | - | - | - | - | - | 5,000 |

3. REVENUE

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|-----------------------------|-------------------------------------|-------------------------------------|
| ICO consulting ¹ | 8,035,852 | - |
| Blockchain Consulting | 175,556 | - |
| Total revenue | 8,211,408 | - |

¹ Accounting Policy - Initial Coin Offering (“ICO”) Consulting Revenue

The Group provides consulting services for its customers, assisting in the customers’ sale of its digital assets, with the sale being conducted as an ICO or a Pre-ICO. In either case, these services are rendered over a period of time until the close of the sale. For the provisioning of its consulting services, the Group is remunerated by its customers through the distribution of cash, the customers’ digital asset, other digital assets, or a combination of these sources.

The Group recognises ICO consulting revenue when all of the following are met:

- Its services have been fully rendered under contract and the Group no longer has any continuing involvement in the sale of digital assets by its customers;
- The digital assets have been transferred to a wallet owned by the Group, or into an exchange account belonging to the Group; and
- The digital asset’s value is measurable, which is determined:
 - by referencing publicly available pricing data from digital asset exchanges; or
 - for those digital assets not yet listed on exchanges, by referencing the results of the ICO or Pre-ICO (i.e. the unit price of a digital asset can be measured by dividing the dollar amounts raised in the ICO by the number of units issued in the ICO).

The Group measures its ICO consulting revenue at the fair value of the services rendered. Where digital assets are received, the fair value is determined with reference to the price of the digital asset on the date at which the digital asset is transferred to the Group’s wallet or exchange account.

4. OTHER INCOME

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|--|-------------------------------------|-------------------------------------|
| Interest received | - | 262 |
| Net fair value gain on digital assets held | 1,685,053 | 18,141 |
| Other income | 9,398 | 28,729 |
| Total other income | 1,694,451 | 47,132 |

5. EXPENSES

(a) Professional and Consultancy fees

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|--|-------------------------------------|-------------------------------------|
| Legal fees | 122,051 | 241,454 |
| Consulting fees | 249,199 | 184,252 |
| Tax consulting fees | 14,167 | 18,702 |
| Audit fees | 89,812 | 76,688 |
| Brokerage fees | 1,545,670 | - |
| Total professional and consultancy fees | 2,020,899 | 521,096 |

(b) Other expenses

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|-----------------------------|-------------------------------------|-------------------------------------|
| Office and administration | 201,906 | 274,349 |
| Bank charges | 5,866 | 4,544 |
| Other expenses | 313,925 | 117,036 |
| Total other expenses | 521,697 | 395,929 |

6. DISCONTINUED OPERATIONS

Wind up of Bitcoin mining operations

On 8 January 2017 the Group and the Bitcoin mining power and hosting provider Verne had actioned an amendment to the master service agreement between the two parties, releasing the Group as at 2 June 2017 from any future financial obligation as was stipulated under the master service agreement.

The termination of the master service agreement marked the full wind up of the bitcoin mining operations.

Wind up of Bitcoin trading operations

In December 2016, the Group started to wind down its Bitcoin trading operations to concentrate resources on its flagship product AirPocket. Concurrently, active discussions were being held with interested parties to leverage the knowledge, trading platform and customer base of DigitalX Direct.

On 7 February 2017, the Group announced that it has entered into a binding agreement with Blockchain Group Limited (BGL), owner of ACX.io, the largest Bitcoin exchange in Australia by volume and order book. The agreement will see the Group wind down its DigitalX Direct operations by introducing DigitalX Direct customers to BGL in consideration for which it will receive 50% of all profit for customers introduced to the BGL owned ACX, digital currency exchange over a five-year term.

Analysis of profit or loss for the year from discontinued operations

The combined results of the discontinued operations (i.e. Bitcoin mining and Bitcoin trading) included in the loss for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

PRELIMINARY FINAL REPORT

DigitalX Ltd and controlled entities

ABN 59 009 575 035

Notes to the Financial Statements



| | Trading | | Mining | | Total | |
|--|---------------|------------------|--------------|------------------|---------------|------------------|
| | Period ended | Period ended | Period ended | Period ended | Period ended | Period ended |
| | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 | 30 June 2018 | 30 June 2017 |
| | \$USD | \$USD | \$USD | \$USD | \$USD | \$USD |
| Revenue from bitcoins mined | - | - | - | - | - | - |
| Trading desk bitcoin sales | - | 8,012,035 | - | - | - | 8,012,035 |
| Trading desk bitcoin purchases | - | (7,913,143) | - | - | - | (7,913,143) |
| Net fair value gain/(loss) on bitcoin inventory held | - | (202,719) | - | - | - | (202,719) |
| Other Income | - | - | - | - | - | - |
| Power and hosting expenses | - | - | - | - | - | - |
| Hardware Repair expense | - | - | - | (175) | - | (175) |
| Depreciation | - | - | - | - | - | - |
| Employee benefit expenses | - | (128,803) | - | - | - | (128,803) |
| Loss of cash on exchange | - | (47,331) | - | - | - | (47,331) |
| Bad debtors expense | 40,748 | (109,096) | - | - | 40,748 | (109,096) |
| Profit/(Loss) before income tax | 40,748 | (389,058) | - | (175) | 40,748 | (389,233) |
| Attributable income tax benefit | - | - | - | - | - | - |
| Profit/(Loss) for the year from discontinued operations (attributable to owners of the Company) | 40,748 | (389,058) | - | (175) | 40,748 | (389,233) |
| Cash flows from discontinued operations | | | | | | |
| Net Cash Inflows/(Outflows) from Operating activities | - | 487,092 | - | (199,455) | - | 287,637 |
| Net Cash Inflows from Investing activities | - | - | - | - | - | - |
| Net Cash Inflows from Financing activities | - | - | - | - | - | - |
| Net Cash Inflows/(Outflows) | - | 487,092 | - | (199,455) | - | 287,637 |

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| | Trading | | Mining | | Total | |
|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| | Period ended 30 June 2018 | Period ended 30 June 2017 | Period ended 30 June 2018 | Period ended 30 June 2017 | Period ended 30 June 2018 | Period ended 30 June 2017 |
| | \$USD | \$USD | \$USD | \$USD | \$USD | \$USD |
| Current assets: | | | | | | |
| Trade and other receivables | - | 40,749 | - | - | - | 40,749 |
| Inventories | - | - | - | - | - | - |
| Assets pertaining to discontinued operations | - | 40,749 | - | - | - | 40,749 |
| Current liabilities: | | | | | | |
| Trade and other payables | - | - | - | 5,000 | - | 5,000 |
| Accrued expenses | - | - | - | - | - | - |
| Liabilities pertaining to discontinued operations | - | - | - | 5,000 | - | 5,000 |

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**7. EARNINGS PER SHARE (EPS)**

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|--|-------------------------------------|-------------------------------------|
| Basic earnings/(loss) per share (cents) | | |
| From continuing operations | 0.006 | (0.018) |
| From discontinued operations | 0.000 | (0.002) |
| Total | 0.006 | (0.02) |
| Diluted earnings/(loss) per share (cents) | | |
| From continuing operations | 0.005 | - ¹ |
| From discontinued operations | 0.000 | - ¹ |
| Total | 0.005 | - |

The earnings/(loss) used in the calculation of basic and diluted loss per share are as follows:

| | | |
|------------------------------|-----------|-------------|
| From continued operations | 2,555,086 | (3,584,528) |
| From discontinued operations | 40,748 | (389,233) |

| | | |
|---|--------------------|--------------------|
| Weighted average number of ordinary shares on issue during the period used in the calculation of basic EPS | 421,293,051 | 198,937,819 |
| Adjustments for calculation of diluted EPS | | |
| Options | 42,858,373 | - |
| Performance rights | 1,000,000 | - |
| Convertible notes | 8,800,000 | - |
| Weighted average number of ordinary shares on issue during the period used in the calculation of diluted EPS | 473,951,423 | 198,937,819 |

¹ Potential ordinary shares in the form of share options and rights are not considered to be dilutive. As the Group made a loss for the prior period, diluted earnings per share is the same as basic earnings per share for that period.

8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

| | Year ended 30 June 18 \$USD | Year ended 30 June 2017 \$USD |
|--|-----------------------------------|-------------------------------------|
| Cash at bank | 5,772,211 | 232,225 |
| Cash deposits at call ¹ | 76 | - |
| Total cash and cash equivalents | 5,772,287 | 232,225 |

¹Cash deposits at call include cash balances on exchanges. The balance originates following a liquidation of digital assets.

9. CURRENT ASSETS – TRADE & OTHER RECEIVABLES

| | Year ended 30 June 18 \$USD | Year ended 30 June 2017 \$USD |
|--|-----------------------------------|-------------------------------------|
| Trade receivables (gross) ¹ | 1,037,624 | 81,497 |
| Allowance for doubtful accounts | - | (40,748) |
| Trade receivables - net | 1,037,624 | 40,749 |
| Other receivables | | |
| Statutory tax receivable | 86,972 | 12,064 |
| Loan to a related party | 5,932 | 5,932 |
| Other | 165,316 | 29,009 |
| Total trade and other receivables | 1,295,844 | 87,754 |

¹At 30 June 2018, \$92,874 is considered past due but not impaired.

10. CURRENT ASSETS – DIGITAL ASSETS

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|--|-------------------------------------|-------------------------------------|
| Bitcoin ¹ | 2,764,706 | 10,034 |
| Other listed digital assets ^{1,2} | 1,494,484 | - |
| Non listed digital assets ³ | 241,092 | - |
| Total Digital Assets | 4,500,282 | 10,034 |

¹Digital assets were measured at fair valued using the closing price per Coin Market Cap (<https://coinmarketcap.com/>) as at 30 June 2018. Refer to Note 19 for prices at the date of this report.

²Includes all tokens that are not bitcoin that are listed on an exchange. The amount includes \$529,778 held by the DigitalX Fund.

³Includes all tokens not listed on an exchange. The amount includes \$149,991 held by the DigitalX Fund.

11. INVESTMENTS

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|--|-------------------------------------|-------------------------------------|
| Equity accounted investment in joint venture – Coincast ¹ | 56,581 | - |
| Investment in DigitalX Fund ² | - | - |
| | 56,581 | - |

A. Investment in Digital Multiplier Pty Ltd (“Coincast”)

During the period the Group entered into a 50:50 joint venture with Multiplier Pty Ltd by way of a \$USD19,437 (\$AUD \$25,000) investment to launch a new crypto business news website and online cryptocurrency education platform and television show. For the period ended 30 June 2018 the joint venture generated profit of \$USD 74,288.

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| | \$USD |
|--------------------------------|---------------|
| Initial investment | 19,437 |
| DigitalX share of profit – 50% | 37,144 |
| | 56,581 |

B. Investment in DigitalX Funds Management Pty Ltd

On the 16th of February 2018, the Group incorporated a new subsidiary, DigitalX Funds Management Pty Ltd, to act as the fund manager for the DigitalX Fund and any future funds the Group may launch. The Group holds a 73% interest and has deemed it has control. The results for DigitalX Funds Management Pty Ltd are immaterial for the period.

C. Investment in DigitalX Fund

On the 26th of April 2018, the Group provided seed capital to the DigitalX Fund (a unit trust) for the purpose of investing in and generating returns digital assets. At 30 June 2018, the Group has an interest in the fund of 46%, however, as DigitalX also provides fund management services for the fund it is deemed that the Group meets the definition of control under *AASB10: Consolidated Financial Statements* and as a result, the fund has been included in the Group's consolidated financial statements. The Group will continue to assess its position with respect to control of the fund at each reporting period.

The net asset value (NAV) of the Group's units in the fund at 30 June 2018 is \$AUD 0.79.

12. PROPERTY, PLANT AND EQUIPMENT – COMPUTER EQUIPMENT

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|---|-------------------------------------|-------------------------------------|
| Cost | 15,922 | 40,417 |
| Accumulated depreciation | (15,420) | (29,585) |
| Net Carrying amount | 502 | 10,832 |
| <i>Reconciliation</i> | | |
| Carrying amount at beginning of period | 10,832 | 24,251 |
| Additions | 1,965 | 1,955 |
| Disposals | - | (2,317) |
| Depreciation charge for the period | (12,295) | (13,057) |
| Net carrying amount at end of period | 502 | 10,832 |

13. NON-CURRENT ASSETS - INTANGIBLE ASSETS

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|---|-------------------------------------|-------------------------------------|
| <i>Intellectual property</i> | | |
| Cost | 2,016,188 | 2,016,188 |
| Accumulated amortisation | - | - |
| Provision for Impairment ² | (1,966,669) | (1,966,669) |
| Net Carrying amount | 49,519 | 49,519 |
| <i>Reconciliation</i> | | |
| Carrying amount at beginning of period | 49,519 | 194,205 |
| Additions | - | 1,915,609 |
| Write down of Intangible Assets | - | (93,626) |
| Provision of impairment of Intangible Assets | - | (1,966,669) |
| Net carrying amount at end of period¹ | 49,519 | 49,519 |

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¹ Net of accumulated amortisation and provision for impairment

² The Group has raised a \$USD1,966,669 impairment provision against the costs capitalised for its AirPocket intangible asset. AirPocket's gross capitalised cost totals \$USD2,016,187. This provision has been recorded in the current period as a result of a lack of historical data with respect to the estimates used in determining the fair value of AirPocket. The provision is to be reassessed at the next reporting date with anticipation that more information will be available to assess the recoverable amount of the asset.

14. CURRENT LIABILITIES – TRADE & OTHER PAYABLES

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|--------------------------|-------------------------------------|-------------------------------------|
| Trade payables | 377,682 | 169,774 |
| Accrued expenses | 187,768 | 183,182 |
| PAYG withholding payable | 9,244 | 9,430 |
| | 574,694 | 362,385 |

15. INTEREST BEARING LIABILITIES & DERIVATIVES

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|--|-------------------------------------|-------------------------------------|
| Convertible Notes – Debt-Liability Component | 281,446 | 190,252 |
| Convertible Loan | - | 223,920 |
| | 281,446 | 414,172 |
| Convertible Notes – Derivative Liability Component | - | 121,026 |
| Net Carrying amount | 281,446 | 535,198 |

Reconciliation

| | | |
|---|----------------|----------------|
| Carrying amount at beginning of period | 535,198 | - |
| Convertible note – debt liability component | 360,459 | 235,585 |
| Convertible note – transaction costs | (360,459) | (93,314) |
| Convertible note – derivative liability component | - | 141,223 |
| Fair value adjustment of derivative liability component | - | (20,197) |
| Amortisation of debt liability component | 294,976 | 47,981 |
| Convertible loan | - | 223,920 |
| Conversion of loans & notes | (548,728) | - |
| Carrying amount at end of period | 281,446 | 535,198 |

16. CONTRIBUTED EQUITY

(a) Issued and paid up Capital

Fully paid ordinary shares – 486,865,628
 (2017: 212,044,933)

| Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|-------------------------------------|-------------------------------------|
| 30,431,588 | 22,653,332 |
| 30,431,588 | 22,653,332 |

(b) Movement in Ordinary Share Capital

| Date | Details ¹ | Number of Shares | Issue Price A\$ | \$USD ² |
|------------------|--|---------------------|-----------------|--------------------|
| 30-Jun-17 | Opening Balance | 212,044,933 | - | 22,653,332 |
| 16-Aug-17 | Issue of Shares to Leigh Travers - CEO and Managing Director | 500,000 | 0.038 | 14,900 |
| 16-Aug-17 | Share Issue costs | - | - | -1,456 |
| 31-Aug-17 | Issue of Shares to Ironside Capital as consideration under the Capital raising services and mandate fees | 7,772,745 | 0.041 | 253,176 |
| 31-Aug-17 | Issue of Subscription shares | 74,074,074 | 0.027 | 1,547,318 |
| 31-Aug-17 | Share Issue costs | - | - | -298,888 |
| 31-Aug-17 | Issue of Loan Conversion Shares | 11,111,111 | 0.027 | 236,940 |
| 31-Aug-17 | Shares Issued on conversion of Convertible Notes | 9,629,629 | 0.027 | 204,119 |
| 1-Sep-17 | Issue of Shares in part consideration for capital raising services | 988,867 | 0.027 | 20,656 |
| 1-Sep-17 | Issue of Subscription shares | 25,370,003 | 0.027 | 529,949 |
| 1-Sep-17 | Share Issue costs | - | - | -46,322 |
| 1-Sep-17 | Shares Issued on conversion of Convertible Notes | 8,888,889 | 0.027 | 188,418 |
| 1-Sep-17 | Issue of Shares on exercise of Options | 500,000 | 0.08 | 31,594 |
| 5-Sep-17 | Shares Issued on conversion of Convertible Notes | 7,407,407 | 0.027 | 157,015 |
| 5-Sep-17 | Share Issue costs | - | - | -5,004 |
| 8-Sep-17 | Issue of Subscription shares | 32,804,142 | 0.027 | 685,239 |
| 8-Sep-17 | Share Issue costs | - | - | -4,374 |
| 8-Sep-17 | Issue of Shares on exercise of Incentive options | 5,700,000 | 0.0324 | 292,037 |
| 8-Sep-17 | Early conversion of convertible note | - | - | 7,953 |
| 12-Sep-17 | Shares Issued on conversion of Convertible Notes | 370,370 | 0.027 | 7,851 |
| 12-Sep-17 | Share Issue costs | - | - | -1,632 |
| 12-Sep-17 | Issue of Shares on exercise of Incentive options | 4,000,000 | 0.0324 | 103,766 |

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| Date | Details ¹ | Number of Shares | Issue Price A\$ | \$USD ² |
|-----------|---|------------------|-----------------|--------------------|
| 14-Sep-17 | Issue of Subscription shares | 600,000 | 0.027 | 24,776 |
| 14-Sep-17 | Share Issue costs | - | - | -12,496 |
| 14-Sep-17 | Issue of Shares on exercise of Incentive options | 600,000 | 0.0324 | 15,569 |
| 14-Sep-17 | Early conversion of convertible note | - | - | 13,433 |
| 22-Sep-17 | Issue of Shares on exercise of Incentive options | 1,000,000 | 0.0324 | 45,484 |
| 22-Sep-17 | Issue of Shares on exercise of Incentive options | 4,000,000 | 0.0324 | 103,696 |
| 22-Sep-17 | Share Issue costs | - | - | -1,720 |
| 4-Oct-17 | Issue of Shares on exercise of Incentive options | 246,914 | 0.0324 | 20,233 |
| 4-Oct-17 | Share Issue costs | - | - | -1,425 |
| 6-Oct-17 | Issue of Shares to Director Faisal Khan | 250,000 | 0.056 | 10,857 |
| 6-Oct-17 | Share Issue costs | - | - | -1,430 |
| 9-Oct-17 | Issue of Shares on exercise of Incentive options | 917,284 | 0.0324 | 23,107 |
| 31-Oct-17 | Issue of Shares on exercise of options | 9,597,284 | 0.0324 | 549,422 |
| 3-Nov-17 | Issue of Shares on exercise of options | 3,725,000 | 0.08 | 225,621 |
| 3-Nov-17 | Issue of Shares on exercise of options | 620,000 | 0.0324 | 71,193 |
| 8-Nov-17 | Issue of Shares on exercise of options | 4,450,000 | 0.08 | 291,927 |
| 14-Nov-17 | Issue of Shares on exercise of options | 4,357,500 | 0.08 | 158,686 |
| 14-Nov-17 | Issue of Shares on exercise of options | 17,000,000 | 0.0324 | 232,166 |
| 14-Nov-17 | Shares Issued on conversion of 10 Convertible Notes | 3,703,704 | 0.027 | 29,316 |
| 17-Nov-17 | Issue of Shares on exercise of options | 405,000 | 0.08 | 25,700 |
| 17-Nov-17 | Issue of Shares on exercise of Incentive options | 11,308,519 | 0.0324 | 547,073 |
| 23-Nov-17 | Issue of Shares to Directors | 2,000,000 | 0.2 | 304,840 |
| 24-Nov-17 | Issue of Shares on exercise of options | 375,000 | 0.08 | 11,379 |
| 24-Nov-17 | Issue of Shares on exercise of Incentive options | 6,700,000 | 0.0324 | 244,958 |
| 24-Nov-17 | Issue of Shares on exercise of Incentive options | 2,000,000 | 0.0324 | 52,274 |
| 1-Dec-17 | Issue of Shares on exercise of options | 700,000 | 0.08 | 45,557 |
| 1-Dec-17 | Issue of Shares on vesting of Tranche 3 of Performance Rights | 1,000,000 | 0.215 | 162,626 |
| 12-Dec-17 | Issue of Shares on exercise of options | 160,000 | 0.08 | 10,375 |
| 12-Dec-17 | Issue of Employee Incentive Shares | 1,300,000 | 0.24 | 235,030 |
| 22-Dec-17 | Issue of Shares on exercise of options | 685,000 | 0.08 | 44,800 |
| 22-Dec-17 | Share Issue costs | - | - | -1,615 |
| 9-Jan-18 | Issue of Shares on exercise of options | 35,000 | 0.08 | 2,190 |

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| Date | Details ¹ | Number of Shares | Issue Price A\$ | \$USD ² |
|------------------|--|--------------------|-----------------|--------------------|
| 9-Jan-18 | Issue of Shares on exercise of options | 246,914 | 0.0324 | 6,256 |
| 19-Jan-18 | Issue of Shares on exercise of options | 4,220,000 | 0.08 | 269,307 |
| 25-Jan-18 | Issue of Shares on exercise of options | 595,000 | 0.08 | 37,971 |
| 25-Jan-18 | Share Issue costs | - | - | (17,674) |
| 2-Feb-18 | Issue of Shares on exercise of options | 215,000 | 0.08 | 13,578 |
| 16-Feb-18 | Issue of Shares on exercise of options | 517,500 | 0.08 | 32,683 |
| 1-Mar-18 | Issue of Shares on exercise of options | 1,000,000 | - | - |
| 14-Mar-18 | Issue of Shares on exercise of options | 246,914 | 0.0324 | 6,164 |
| 11-Apr-18 | Issue of Shares on exercise of options | 925,925 | 0.0324 | 23,114 |
| 30-Jun-18 | Closing Balance | 486,865,628 | | 30,431,588 |

| Date | Details ¹ | Number of Shares | Issue Price A\$ | \$USD ² |
|-------------------------|-------------------------------------|--------------------|-----------------|--------------------|
| 1-Jul-16 | Opening Balance | 178,119,581 | - | 21,249,214 |
| 7-Sep-16 | Placement of Shares | 10,580,303 | 0.05 | 401,119 |
| 7-Sep-16 | Share Issue costs | - | - | (22,942) |
| 8-Dec-16 ² | Placement of Shares | 32,780,000 | 0.05 | 1,257,296 |
| 8-Dec-16 | Share Issue costs | - | - | (92,189) |
| 14-Dec-16 ³ | Share Buy-back and cancellation | (17,633,839) | 0.03 | (394,117) |
| 14-Dec-16 | Buy-back costs | - | - | (2,585) |
| 19-Jan-17 ⁴ | Share Purchase Plan | 4,232,000 | 0.05 | 159,549 |
| 19-Jan-17 | Share Issue costs | - | - | (17,291) |
| 7-Feb-17 ^{5,6} | Former Director share issue | 1,466,888 | 0.05 | 56,263 |
| 7-Feb-17 | Share Issue costs | - | - | (3,056) |
| 7-Feb-17 | Issue of shares to key employees | 1,700,000 | 0.041 | 53,467 |
| 7-Feb-17 | Share Issue costs | - | - | (1,499) |
| 10-Feb-17 ⁷ | Shares Issued pursuant to Directors | 800,000 | 0.05 | 11,447 |
| 10-Feb-17 | Share Issue costs | - | - | (1,344) |
| 30-Jun-17 | Closing Balance | 212,044,933 | | 22,653,332 |

¹ Refer to the corresponding Appendix 3B for full details of each issue.

² Based on AUD/USD as at the date of transaction.

³ Refer to Note 19 for any issues subsequent to the end of the reporting period.

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**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.

17. RESERVES

| | Year ended 30 June 2018 \$USD | Year ended 30 June 2017 \$USD |
|--|-------------------------------------|-------------------------------------|
| Option premium and share-based payment reserve | 785,240 | 117,283 |
| Convertible Note Reserve | 62,680 | - |
| Foreign Exchange Reserve | (15,887) | - |
| | 832,033 | 117,283 |

(a) Valuation of options issued

The fair value of the share options at grant date are determined using a Black-Scholes option pricing method that takes into account the exercise price, the term of the option, the probability of exercise, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

18. NOTES TO THE CASH FLOW STATEMENT**Reconciliation of cash flow from operations with profit / (loss) after income tax**

| <i>Note</i> | Year ended 30 June 18 \$USD | Year ended 30 June 2017 \$USD |
|--|-----------------------------------|-------------------------------------|
| Profit/(loss) after income tax | 2,443,221 | (3,971,761) |
| <i>Non-cash flows in profit/(loss)</i> | | |
| Net fair value (gain)/ loss on digital assets | (1,685,053) | 184,577 |
| Loss of coins on exchange | - | 47,331 |
| Intangible asset impairment | - | 953,653 |
| Depreciation | 12,295 | 13,057 |
| Employee share issue | 1,285,386 | 109,729 |
| Fair value adjustment of debt conversion options | - | (20,197) |
| Fair value adjustment of investments | 511,059 | - |
| Finance costs | 682,036 | 205,782 |
| Restoration provision write-down | - | (103,981) |
| Other non-cash (income)/expenses including foreign exchange (gains)/losses | (189,176) | (347,808) |
| | 3,059,768 | (2,931,615) |
| <i>Change in assets and liabilities, net the effects of purchase of subsidiaries</i> | | |
| Decrease / (increase) in trade and other receivable | (1,206,524) | 884,931 |
| (Decrease) / increase in trade payables and accruals | 212,310 | (174,056) |
| (Decrease) / increase in tax payable | - | - |
| Net cash used in operating activities | 2,065,553 | (2,220,741) |

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19. EVENTS AFTER THE REPORTING DATE

| Date of event | Details of event |
|---------------|--|
| 05 Jul 2018 | On the 5 th of July 2018, 1,000,000 Tranche 2 Performance Rights converted on achievement of vesting conditions, as approved by shareholders on 23 November 2017. |
| 17 Jul 2018 | On the 17 th of July 2018, the Group signed a 5 year lease for commercial premises, the total commitment excluding rent abatements is \$AUD808,125. |
| 07 Aug 2018 | On the 7 th of August 2018, 3,086,420 Fully Paid Ordinary Shares were issued on exercise of 3,086,420 Unlisted Options, exercisable at \$0.0324 and expiring 8 September 2020. |
| 29 Aug 2018 | On the 29 th of August 2018, DigitalX entered into an agreement to purchase AU\$250,000 of YPB via convertible notes at 1.8c. DigitalX is also entitled to 1:1 options when the convertible notes are exercised at 2.6c and 10% of all YPB tokens. DigitalX is entitled to various fees from services which are detailed into the announcement. |
| 30 Aug 2018 | On the 30 th of August 2018, 85,185,185 ordinary shares were released from escrow. |
| 31 Aug 2018 | Due to the volatile nature and the materiality of the digital assets held, we disclose the value of digital assets held by the Group, excluding the DigitalX Fund, as at the close date of the 30 th of August 2018. |

| Coin Symbol | Coin Amount | \$USD Spot Price | \$USD Balance |
|--------------|-------------|------------------|--------------------|
| BTC | 431.42 | \$7000 | \$3,019,940 |
| BNK | 79,303,481 | \$0.003 | \$254,804 |
| Alt-Coins | - | - | \$228,968 |
| Total | | | \$3,503,712 |

There were no other reportable subsequent events.