

COINSILIUM GROUP LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 25 SEPTEMBER 2014 TO 31 DECEMBER 2015**

| | Page |
|---|----------------|
| Company information | 2 |
| Chairman's Statement | 3 - 4 |
| Directors' Report | 5 - 10 |
| Statement of Directors' Responsibilities | 11 |
| Auditor's Report | 12 |
| Group and Company Statements of Comprehensive Income | 13 |
| Group and Company Statements of Financial Position | 14 |
| Group Statement of Changes in Shareholders' Equity | 15 |
| Company Statement of Changes in Equity Parent | 16 |
| Group and Company Cash Flow Statements | 17 |
| Notes to the Financial Statements | 18 - 42 |

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It gives me great pleasure to present the first annual report and financial statements of the Group for the period from incorporation until 31 December 2015.

Review of the Period

During the period to 31 December 2015, the Group established itself as a group of companies whose principal activity is investing in blockchain technologies with a particular focus on fintech. A blockchain is an immutable decentralised ledger that chronologically records the transfer of ownership of digital assets.

The Group built up a portfolio of interests in blockchain and fintech related companies. In addition, through the experience of the Directors, the Group began to develop a suite of services including corporate/business, advisory, media & communications, investment solutions, education and other professional services to blockchain/fintech companies.

On 24 December 2015, Coinsilium Group Limited was admitted to trading on the ISDX Growth Market following a fundraising of £1.1m via a placing and crowdfunding at 10p per share, becoming the world's first blockchain technology focused company to be admitted to trading on an Exchange Regulated Market.

The Group recorded a loss after tax for the period of £2,415,746. This included the write down on the investment in Hive Labs Limited which was as a direct result of the cessation of the development of the Hive wallet due to a lack of resources.

The value of the investment portfolio at 31 December, after accounting for Hive, was £1,616,370 an increase of 6% from its book value.

At the year end, the Group had £984,023 in cash and cash equivalents.

Post Period End

The Board is now committed to a re-focused strategic path that looks beyond the Group's initial phase and towards growing a notable blockchain investment group that generates value for shareholders. Whilst current and future investments remain our principal driver, we will seek to grow a number of exciting revenue streams which complement our investment activities.

The investment strategy of the Group is to acquire strategic interests in early stage start-ups within the blockchain arena. Since the period end, the Group has continued to review investment opportunities and stakes were increased in three investee companies; Factom, Fuzo and SatoshiPay.

We were also excited to announce the acquisition of a seed stake in RSK Labs. RSK operates "Rootstock", a smart contract platform built as a sidechain of the Bitcoin blockchain that adds value and functionality to the core Bitcoin network by enabling smart contracts.

Block Chain Space, our accelerator programme, also gives the Group the opportunity to take key investments in participating early-stage companies before accelerating their development and potentially divesting. Through the inaugural programme in Barcelona in early 2016, we acquired shares in four participants: Minebox, Helperbit, Consentio, BitcoinForMe. The success of this initial Block Chain Space has resulted in plans being made for similar programmes to be launched, with partners, around the world.

During the remainder of 2016, we anticipate at least three of our investee companies will be raising further funds and there may be opportunities to divest some of the Group's stakes in these and our other investments, in whole or part.

Alongside our investment activities, the Group is now focused on exploiting its success in the education arena, as Coinsilium Training, which has placed us at the forefront of both professional and technical development. The monthly CPD accredited Bitcoin, Blockchain and Beyond has proved popular with professional organisations including leading accountancy, legal and insurance firms. In April 2016 we hosted the inaugural Blockchain Tech Lab for one week in London where 12 world-leading experts in blockchain applications came to teach over 30 software developers and coders, many of whom were sponsored by employers, signalling a growing awareness of the blockchain skills gap and a desire to get staff trained.

Outlook

Recent research by Coindesk highlights that investment in blockchain related activities surpassed the bitcoin sector, whilst the number of blockchain/hybrid start-ups has climbed four-fold in the last year. The Group is well positioned geographically as the UK continues to attract a significant level of fintech interest and investment. Interest in bitcoin, blockchain and their applications continues to grow rapidly. The Digital Chamber of Commerce has stated that the regulatory landscape is becoming increasingly favourable to blockchain as regulators realise the potential advantage to regulated activities.

Board Changes

Cameron Parry, the Group's previous Chairman stepped down from the Board at the end of March 2016. Cameron was instrumental in achieving the ISDX admission and I would like to thank him for his contribution to the Group. My thanks also go to Malcolm Pallé and Paul Johnson who also served on the Board during the period before leaving in November 2015.

Finally, I would also like to thank our shareholders for their support over the last year and I look forward to updating them with news of how both Coinsilium and our investee companies continue to make progress in this promising and exciting environment. We now look ahead with a restructured board and a strategy that I believe will allow us to exploit our first-mover advantage and the interest in blockchain across many industries.



Laurent Kssis
1 June 2016

The Directors present their report, together with the Group Financial Statements and Auditor's Report, for the period from incorporation to 31 December 2015.

Principal activities

The principal activity of the Group is that of investment in blockchain technologies with a particular focus on fintech. Through divestment opportunities and its accelerator programme, Block Chain Space, the Group will continue to make investments in innovative blockchain and fintech companies, with the intent of supporting the further development and commercialisation of these technologies and increasing value to shareholders.

Results and Dividends

The loss of the Group for the year ended 31 December 2015 (before taxation) amounts to £2,415,746

In March 2015, the Group acquired the assets and business of Seedco Ventures Limited giving rise to goodwill of £1.1m. In considering the impact of IAS36 on the fair value of goodwill, the Group took the decision to write down goodwill in full giving rise to an impairment of £1.1m. However, this acquisition has provided the Group with significant credibility within the blockchain industry and the Group is continuing to benefit from the expertise and reputation of the management of Seedco Ventures across all segments of its developing business; identifying investment opportunities, developing appropriate training courses, attracting companies to Block Chain Space, the Group's accelerator programme and providing consultancy opportunities.

One investee company, Hive Labs Limited ceased to develop its wallet due to a lack of resources and the Group took the decision to write down its investment in full, giving rise to an impairment of £155,350.

A key focus for the Group was the listing on the ISDX Growth Market in late December 2015. This resulted in total associated costs of £369,675; of this, £188,394 was directly attributable to the issue of new shares and has been capitalised.

The Group launched a CPD accredited blockchain course in November 2015, the first of its kind in the UK. Although this course has created significant interest, the company has experienced a longer lead time than initially expected to generate sustained and increased revenues from CPD accredited courses.

The Group raised cash proceeds of £2,163,883 (net of expenses) during the period to 31 December 2015, from the issue of shares.

At the period end, the Group had £984,023 in cash and cash equivalents.

The Group has instituted measures to preserve cash whilst it seeks prospects to develop revenues from courses and consulting activities and considers divestment opportunities which will increase shareholder value.

The Group invested £1.53m in eleven primarily blockchain focused companies through a mixture of cash (£599,925) and the issue of shares in consideration for the purchase of the assets of Seedco Ventures Limited and TRAC Technology Limited.

At the period end, the fair value of the investment portfolio was £1,616,370, an increase of 6% from the book value.

No dividends were paid or recommended to be paid during the period.

The Directors who served during the period were:

| Name of Director | Date of appointment | Date of resignation |
|------------------|---------------------|---------------------|
| Laurent Kssis | 4 September 2015 | |
| Eddy Travia | 25 September 2014 | |
| Hakim Mamoni | 19 December 2014 | |
| Tony Sarin | 15 April 2015 | |
| Cameron Parry | 19 December 2014 | 31 March 2016 |
| Malcolm Pallé | 19 December 2014 | 27 November 2015 |
| Paul Johnson | 15 April 2015 | 27 November 2015 |

The Directors who served during the period ended 31 December 2015 had the following beneficial interests in the shares of Coinsilium Group Limited (the "Company") at year end, and as at the date of this Report:

| Director | Date of Report | | 31 December 2015 | |
|---------------|-----------------|-----------|------------------|-----------|
| | Ordinary Shares | Options | Ordinary Shares | Options |
| Laurent Kssis | 500,000 | | 500,000 | |
| Eddy Travia | 5,477,913 | 2,000,000 | 5,477,913 | 2,000,000 |
| Hakim Mamoni | 5,352,913 | 2,000,000 | 5,352,913 | 2,000,000 |
| Tony Sarin | 1,285,714 | 500,000 | 1,285,714 | 500,000 |
| Cameron Parry | 4,877,921 | 2,000,000 | 4,877,921 | 2,000,000 |
| Malcolm Pallé | 3,777,921 | | 3,777,921 | |

Paul Johnson was not a Director at the period end and his shareholding is not disclosed.

Key Performance Indicators ("KPIs")

The Board monitors the activities and performance of the Group on a regular basis. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2016.

Investment portfolio valuation

The valuation of investments held by the Group in its portfolio is a key performance indicator as it represents the future opportunity of realising part or the whole stake in some of these investments. The Group regularly reviews the value of its portfolio and considers opportunities to divest part or all of its investment in line with the Group's divesting strategy.

This strategy is based on selling investments at the investees' pre-series A and/or series A level rounds provided the opportunity meets certain criteria in terms of the investee valuation at fundraise and the Group's assessment of the future potential of the investee company.

Individual investee company assessment

As the majority of the investments are made in companies which are pre-revenue, assessing performance is conducted through regular communication and by considering key aspects of the investee company's progress including:

- Working capital – the current cash balance and the rate at which cash is expended on a monthly basis is critical.
- Technical development - progress demonstrated in the development of the company's products and/or services.

- Business development – relationships with key suppliers and potential business or individual customers, rate of acquisition of new customers, market share, revenue growth and access to resources to support business growth.
- Human resources – development of a well-balanced management team, and the recruitment and performance of suitably skilled personnel.

Financial indicators

The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The key aspect monitored is the Group's working capital requirements; both its current cash balance and its monthly expenditure is in line with forecast revenues.

Investee Companies Update

Fidelia Solutions

Fidelia Solutions trading as CoinSimple provides tools for cryptocurrency billing and payment processing. These tools are used primarily by small businesses and freelancers. In the last year, the number of new users of the service has grown steadily to 1,000 users.

Cryptopay

Cryptopay provides various cryptocurrency trading and payment services to individuals and small businesses in Europe. These services include wallets and rechargeable debit cards.

Factom

Factom builds blockchain technology tools that maintain a permanent, time-stamped record of data. In March 2016, Factom announced a partnership with two Chinese companies to develop blockchain notarisation and smart cities solutions across China. Factom will provide a back office blockchain application interface to integrate with the partners' existing software systems. In the nine months to 30 September 2015, Factom generated gross revenues of US\$628,000.

Fuzo

Fuzo has developed a working prototype of a SIM overlay that allows mobile users to store and transact blockchain assets. It is currently in discussions with several NGOs to jointly deploy technology solutions for the unbanked and underbanked in emerging markets.

Coins.sx

Coins.sx trading as Magnr provides a trading and savings platform for digital currency holders. The service aims to be a digital currency financial services provider and currently serves over 24,000 clients globally, and since its launch in April 2013 has transacted over US\$100 million in trades.

Exchange of the Americas

Exchange of the Americas trading as meXBT has developed an international remittance service which currently has some 6,000 users and processes US\$500,000 international payments each month. It is due to complete an accelerator programme in Shanghai in the near future, and having established a Chinese office, it is considering opportunities to expand cross-border payment services in Asia.

Neuroware

Neuroware performs custom implementation of protocols for banks, financial institutions, and other organisations to adopt distributed ledger technologies. In March 2016, Neuroware signed a deal with a crowdfunding platform in Malaysia to provide a blockchain service which is due to go live within the next few months.

Rivetz

Rivetz aims to leverage the Trusted Execution Environment (TEE) on mobile phones to provide additional security in terms of payments, authentication and identity. Currently, several major US banks as well as a global technology firm and several service integrators are assessing Rivetz's security technology.

SatoshiPay

SatoshiPay, is a blockchain-based nanopayments company that enables content publishers to facilitate nanopayments, generating new revenue streams by allowing the monetisation of content on a nano-scale. It has just announced the release of its Application Programming Interface (API) which will enable SatoshiPay to be used on all internet websites for the first time. SatoshiPay has also reached 10,000 user wallets generated through its current platform. SatoshiPay is currently working with Visa Europe Collab to demonstrate micro payments proof of concept in a machine to machine (M2M) context.

The Real Asset Company ("TRAC")

A London-based physical gold and silver trading platform for retail investors and with over 3,500 registered users, TRAC is one of the leading gold-investment providers. The company makes precious metal investment accessible, safe and transparent and it is seeking to develop a blockchain product alongside its gold offering.

Events after the End of the Reporting Period

Since the end of the reporting period:

On 4 January 2016, the Group invested an additional US\$29,000 in Fuzo Limited, increasing its total investment to US\$305,000 and its shareholding to 13.4%.

On 14 January 2016, the Group invested US\$50,000 in RSK Labs Ltd ("RSK"), being 14.3% of the initial seed round, representing approximately 1% of share capital. RSK operates Rootstock, a promising smart contract platform built as a sidechain of the Bitcoin blockchain that adds value and functionality to the core Bitcoin network by enabling smart contracts.

Through another seed round, RSK raised US\$1m in March 2016. Since then, RSK have released RSK Alpha version to a closed group of partners and users. They are currently testing merged mining through various partnerships and are in discussions with a number of global companies regarding commercial partnerships.

On 19 January 2016, the Group invested an additional US\$50,000 in Factom Inc., increasing its total investment to US\$200,000 and its shareholding to 1.97%.

On 22 January 2016, the Group invested an additional €150,000 in SatoshiPay Limited, increasing its total investment to €200,000 and its shareholding to approximately 14.5%.

At the date of this Report, the estimated value of the investment portfolio is £3m; an increase of over 50% from its book value.

In February, the Group launched its three-month accelerator programme in Barcelona. Of the 80 plus applicants, four companies (Minebox, BitcoinForMe, Helperbit and Consentio) were chosen to participate in the programme which was partly sponsored by; the Spanish arm of one of the world's largest professional audit, tax and advisory firms, and one of Europe's high-profile leading law firms, with a special focus on business law but a keen interest in fintech start-ups and cryptocurrencies. The Group will receive equity in each company in exchange for services and cash investment. The Group is in discussions with partners to replicate the success of the Barcelona programme in other parts of the world.

In April, the Group launched the first week-long Blockchain Tech Lab aimed at developers. Based in London the Lab gathered speakers and participants from around the world. The Group is reviewing opportunities to develop future technical courses.

Going Concern

As described in the Results and Dividends section of this Directors' report the current economic environment is difficult and the company has reported an operating loss for the period.

In considering the Company's ability to continue in operation for the foreseeable future, the Directors have considered the Company's forecast operating cash-flows for the period up to the end of 31 May 2017, and all other related matters. This involved consideration of the cash flow implication of the budget. The Directors consider that the outlook presents some challenges in terms of the generation and timing of revenues and income.

The Directors have instituted measures to preserve cash, and have reduced the monthly expenditure considerably since December 2015. In addition, the Directors are actively engaged in discussions with several organisations to provide training and consultancy services. The Directors are also pursuing divestment opportunities which would increase shareholder value and provide the required capital for future investments.

The Directors have concluded that the combination of these activities are sufficient such that the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Principal Risks and Uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks. The key business risks affecting the Group are set out below.

Risks are formally reviewed by the Board, and appropriate processes are put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the Group.

Loss in value of Investments Risk

All investments are made in early stage companies and carry a risk of losing value. Early stage companies have a high risk of failure and the Group seeks to limit these risks by a thorough assessment of the management teams, the technology and the opportunities in the companies' target markets. Throughout our investment holding period we monitor a company's progress and stay in regular communication with the company's management teams.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in foreign currency exchange rates, credit risk, liquidity risk and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

The main financial risk for the Company is any sharp changes in foreign exchange rate risk as the Company holds cash assets in various currencies other than British Pounds and holds equity stakes in companies in various currencies as well. The main currencies to which the Company is exposed are the Euro and US dollar.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Provision of information to Auditors

So far as each of the Directors is aware at the time this report is approved:

- There is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, was appointed during the period, and has indicated their willingness to continue in office as auditor.

This report was approved by the Board on Wednesday 1st June 2016 and signed on its behalf:



.....
Eddy Travia
Executive Director

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

The ICAP Securities and Derivatives Exchange Limited Rules ("the ISDX Rules"), require the Directors to prepare Financial Statements for each financial year. Under the ISDX Rules, the Directors have prepared the Financial Statements in accordance with EU-Endorsed International Financial Reporting Standards ("IFRS"). The Financial Statements give a true and fair view of the state of affairs of the Company at 31 December 2015, and of the profit or loss for the period then ended.

In preparing these Financial Statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company. They are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

We have audited the financial statements of Coinsilium Group Limited for the period ended 31 December 2015 which comprise the Statements of Comprehensive Income, the Statements of Financial Position, the Statements of Changes in Equity, the Statements of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's directors, as a body, in accordance with our letter of engagement dated 7 March 2016. Our audit work has been undertaken so that we might state to the company's directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's and parent company's loss for the period then ended in accordance with IFRSs as adopted by the European Union.



Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London

1 June 2016

| | | <u>Group</u> | <u>Company</u> |
|---|------|--------------------------|--------------------------|
| | Note | 31 December 2015 £ | 31 December 2015 £ |
| Continuing Operations | | | |
| Revenue | 5 | 11,870 | - |
| Cost of sales | | (7,985) | - |
| Gross profit | | 3,885 | - |
| Administration expenses | 6 | (1,026,361) | (787,436) |
| Impairment | 5 | (1,312,059) | (937,767) |
| Share based payments | | (81,275) | (81,275) |
| Operating Loss | | (2,415,810) | (1,806,478) |
| Financial income | 22 | 65 | - |
| Financial expenses | | (1) | - |
| Loss Before Taxation | | (2,415,746) | (1,806,478) |
| Income tax expense | | - | - |
| Loss for the year | | (2,415,746) | (1,806,478) |
| Other Comprehensive Income: | | | |
| Fair value gain on available for sale financial assets | 9 | 287,905 | - |
| <i>Items that may be subsequently reclassified to profit or loss</i> | | - | - |
| Total Comprehensive Income attributable to owners of the Parent | | (2,127,841) | (1,806,478) |
| Earnings per share (pence) from continuing operations attributable to owners of the Parent – Basic & Diluted | | | |
| | 24 | (0.04) | (0.04) |

The accounting policies and notes on pages 18 to 42 form part of these Financial Statements.

| | Note | <u>Group</u> 31 December 2015 £ | <u>Company</u> 31 December 2015 £ |
|--|------|--|--|
| Non-Current Assets | | | |
| Intangible assets | 7 | - | - |
| Property, plant and equipment | 8 | 508 | - |
| Available for sale financial assets | 9 | 1,452,035 | - |
| Investment in subsidiaries | 10 | - | 2,652,406 |
| Other financial assets | 12 | 164,335 | - |
| | | 1,616,878 | 2,652,406 |
| Current Assets | | | |
| Trade and other receivables | 11 | 59,058 | 33,384 |
| Cash and cash equivalents | 13 | 984,023 | 248,397 |
| | | 1,043,081 | 281,781 |
| Total Assets | | 2,659,959 | 2,934,187 |
| Equity attributable to owners of the Parent | | | |
| Share capital | | - | - |
| Share premium | 15 | 4,377,396 | 4,377,396 |
| Share option reserve | 18 | 81,275 | 81,275 |
| Available for sale reserve | | 287,905 | - |
| Retained losses | | (2,415,746) | (1,806,478) |
| Total equity attributable to owners of the Parent | | 2,330,830 | 2,652,193 |
| Current Liabilities | | | |
| Trade and other payables | 14 | 329,129 | 281,994 |
| Total Liabilities | | 329,129 | 281,994 |
| Total Equity and Liabilities | | 2,659,959 | 2,934,187 |

The Financial Statements were approved and authorised for issue by the Board of Directors on 1 June 2016 and were signed on its behalf by:



Eddy Travia
Executive Director

The accounting policies and notes on pages 18 to 42 form part of these Financial Statements.

| GROUP | Attributable to Equity Shareholders | | | | | |
|--|-------------------------------------|---------------|----------------------|----------------------------|-----------------|-------------|
| | Share capital | Share premium | Share option reserve | Available for sale reserve | Retained losses | Total |
| | £ | £ | £ | £ | £ | £ |
| As at Incorporation | -* | - | - | - | - | - |
| Loss for the year | - | - | - | - | (2,415,746) | (2,415,746) |
| Other comprehensive income | | | | | | |
| Fair value gain on available for sale financial assets | - | - | - | 287,905 | - | 287,905 |
| Total comprehensive income for the year | - | - | - | 287,905 | (2,415,746) | (2,127,841) |
| Transactions with owners | | | | | | |
| Issue of ordinary shares | - | 4,652,870 | - | - | - | 4,652,870 |
| Issue costs | - | (275,474) | - | - | - | (275,474) |
| Share based payments | - | - | 81,275 | - | - | 81,275 |
| Total transactions with owners | - | 4,377,396 | 81,275 | - | - | 4,458,671 |
| As at 31 December 2015 | - | 4,377,396 | 81,275 | 287,905 | (2,415,746) | 2,330,830 |

* One share issued on incorporation at £Nil par value.

The accounting policies and notes on pages 18 to 42 form part of these Financial Statements.

| PARENT COMPANY | Attributable to Equity Shareholders | | | | |
|--|-------------------------------------|------------------|----------------------|--------------------|------------------|
| | Share capital | Share premium | Share option reserve | Retained losses | Total |
| | £ | £ | £ | £ | £ |
| As at Incorporation | -* | - | - | - | - |
| Loss for the year | - | - | - | (1,806,478) | (1,806,478) |
| Other comprehensive income | | | | | |
| Fair value loss on available for sale financial assets | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | (1,806,478) | (1,806,478) |
| Transactions with owners | | | | | |
| Issue of ordinary shares | - | 4,652,870 | - | - | 4,652,870 |
| Issue costs | - | (275,474) | - | - | (275,474) |
| Share based payments | - | - | 81,275 | - | 81,275 |
| Total transactions with owners | - | 4,377,396 | 81,275 | - | 4,458,671 |
| As at 31 December 2015 | - | 4,377,396 | 81,275 | (1,806,478) | 2,652,193 |

* One share issued on incorporation at £Nil par value.

The accounting policies and notes on pages 18 to 42 form part of these Financial Statements.

| | Group | Company |
|---|------------------|--------------------|
| Note | 2015 | 2015 |
| | £ | £ |
| Cash flows from operating activities | | |
| Loss before taxation | (2,415,746) | (1,806,478) |
| Adjustments for: | | |
| Finance Income | (65) | - |
| Depreciation | 132 | - |
| Amortisation | 600 | - |
| Impairment of intangible assets | 1,110,722 | 600 |
| Impairment of available-for-sale financial assets | 200,737 | - |
| Impairment of investment in subsidiaries | - | 937,767 |
| Share based payment | 81,275 | 81,275 |
| Directors fees paid in shares | 140,000 | 140,000 |
| Creditors balances settled in shares | 33,513 | 33,513 |
| Increase in trade and other receivables | (59,058) | (33,384) |
| Increase in trade and other payables | 329,130 | 281,994 |
| Net cash used in operating activities | (578,760) | (364,713) |
| Cash flows from investing activities | | |
| Interest received | 65 | - |
| Purchase of intangible assets | (600) | (600) |
| Purchase of property, plant & equipment | (640) | - |
| Purchase of financial assets | (164,335) | - |
| Available for sale financial assets | (435,590) | - |
| Investment in subsidiary undertakings | - | (4,333) |
| Loans granted to subsidiary undertakings | - | (1,545,840) |
| Net cash used in investing activities | (601,100) | (1,550,773) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 2,439,357 | 2,439,357 |
| Cost of share issue | (275,474) | (275,474) |
| Net cash generated from financing activities | 2,163,883 | 2,163,883 |
| Net (decrease) / increase in cash and cash equivalents | 984,023 | 248,397 |
| Cash and cash equivalents at beginning of year | - | - |
| Cash and cash equivalents at end of year | 13 | 248,397 |

Major Non Cash Transactions

On 31st March 2015, 20,500,000 ordinary shares of £nil par value were issued at a price of £0.08 per share as consideration for the acquisition of the business and assets of Seedco Ventures Limited, totalling £1,640,000.

On 15th April 2015, two Non-Executive Directors were appointed to the Company. 1,000,000 ordinary shares were issued to each of the two Directors on a fully paid basis, at an implied price of £0.08 per share. The implied price of these shares was subsequently written down to £0.07 per share following the transfer of Founder shareholdings in November 2015.

On 24 June 2015, the Group acquired a 27.3% interest in TRAC Technology Ltd for a consideration of £400,000. The consideration was satisfied by the issue and transfer of, in aggregate, 3,125,000 ordinary shares in the Company.

The accounting policies and notes on pages 18 to 42 form part of these Financial Statements.

ACCOUNTING POLICIES**1 General Information**

Coinsilium Group Limited (the “Company”) is a limited liability company domiciled in the British Virgin Islands. The Company was incorporated on 25 September 2014.

The principal business of the Company and its subsidiaries (together the “Group”) is investing in blockchain technologies with a particular focus on fintech. Headquartered in London with offices in Hong Kong, the Group makes investments in innovative blockchain / fintech companies, with the intent of supporting the further development and commercialisation of these technologies.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

2.1 Basis of preparation of Financial Statements

The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union.

The financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

2.2 New IFRS standards and interpretations

- (i) *New and amended standards and interpretations mandatory for the first time for the financial period beginning 25 September 2014 and relevant to the Company.*

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period. The following new standards, interpretations and amendments to published standards effective in the period have been adopted by the Company:

| Standard | Impact on initial application | Effective date |
|---------------------|---|-----------------------|
| IAS 27 | Separate financial statements | 1 January 2014 |
| IAS 27 (amendment) | Separate financial statements – Investment entities | 1 January 2014 |
| IAS 28 | Investments in associates and joint ventures | 1 January 2014 |
| IFRS 10 | Consolidated financial statements | 1 January 2014 |
| IFRS 10 (amendment) | Consolidated financial statements – Investment entities | 1 January 2014 |
| IFRS 10 (amendment) | Consolidated financial statements – transition guidance | 1 January 2014 |
| IFRS 11 | Joint arrangements | 1 January 2014 |
| IFRS 11 (amendment) | Joint arrangements – transition guidance | 1 January 2014 |
| IFRS 12 | Disclosure of interests in other entities | 1 January 2014 |
| IFRS 12 (amendment) | Disclosure of interests in other entities – Investment entities | 1 January 2014 |
| IFRS 12 (amendment) | Disclosure of interests in other entities – transition guidance | 1 January 2014 |

The above pronouncements have been adopted for the first time this period as part of the Company’s first reporting period.

ACCOUNTING POLICIES (continued)**2.2 New IFRS standards and interpretations (continued)**

- (ii) *New and amended standards and interpretations in issue but not yet effective or not yet endorsed and not early adopted.*

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. Unless otherwise stated, the Directors are assessing the possible impact of the following on the Financial Statements. However, the Directors consider that these new and amended standards are not expected to have a material impact on the Company's results or shareholders' funds.

| Standard | Impact on initial application | Effective date |
|--|---|------------------------------|
| IAS 1 (Amendments) | Presentation of Financial Statements: Disclosure initiative | 1 January 2016* ¹ |
| IAS 27 (Amendment) | Equity method in Separate Financial Statements | 1 January 2016* ¹ |
| IAS 28 (Amendments) | Investments in Associates and Joint Ventures | 1 January 2016* ¹ |
| IAS 28 and IFRS 1 and IFRS 12 (Amendments) | Investment Entities: Applying the Consolidation Exception | 1 January 2016* ¹ |
| IAS 38 (Amendment) | Clarification of Acceptable Methods of Amortisation | 1 January 2016* ¹ |
| IFRS 9 | Financial Instruments | 1 January 2018* ¹ |
| IFRS 10 (Amendments) | Consolidated Financial Statements | 1 January 2016* ¹ |
| IFRS 15 | Revenue from contracts with customers | 1 January 2018* ¹ |
| IFRS 16 | Leases | 1 January 2019 |
| Annual Improvements | 2010 – 2012 Cycle | 1 July 2014* ¹ |
| Annual Improvements | 2011 – 2013 Cycle | 1 July 2014* ¹ |
| Annual Improvements | 2012 – 2014 Cycle | 1 July 2016* ¹ |

*¹ Not yet endorsed by the EU

2.3 Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Coinsilium Group Limited and the Financial Statements of all of its subsidiary undertakings made up to 31 December 2015.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the entity. Where an entity does not have returns, the Group's power over the investee is assessed as to whether control is held. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, and income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Going Concern

In considering the Company's ability to continue in operation for the foreseeable future, the Directors have considered the Company's forecast operating cash-flows for the period up to the end of 31 May 2017, and all other related matters. This involved consideration of the cash flow implication of the budget. The Directors consider that the outlook presents some challenges in terms of the timing of revenues and income.

ACCOUNTING POLICIES (continued)**2.4 Going Concern (continued)**

The Directors have assessed the current financial position of the Company, along with future cash flow requirements to determine if the Company has financial resources to continue as a going concern for the foreseeable future.

The Directors have instituted measures to preserve cash, and have reduced the monthly expenditure considerably since December 2015. In addition, the Directors are actively engaged in discussions with several organisations to provide training and consultancy services. The Directors are also pursuing divestment opportunities which would increase shareholder value and provide the required capital for future investments.

The Directors have concluded that the combination of these activities are sufficient such that the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the historic financial information.

2.5 Business Combinations

The acquisition of subsidiaries in a business combination is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held For Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss in the Income Statement.

Any interest of non-controlling interests in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised. There are no minority/non-controlling shareholders of subsidiaries.

2.6 Foreign Currencies**(i) *Functional and presentation currency***

The functional currency of the Company is UK pound sterling (£) and all values are rounded to the nearest pound. This is on the basis that the Group is based in the United Kingdom, its overheads are generally incurred in sterling, and its funds are generally held mainly in sterling bank accounts, and its investors have invested in sterling-based instruments.

(ii) *Transactions and balances*

These accounts are presented in the presentation and functional currency of the Group which the Directors consider to be the UK pound sterling (£).

Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

ACCOUNTING POLICIES (continued)**2.6 Foreign Currencies (continued)***(iii) Group companies*

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income where material.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future, are taken to other comprehensive income. When a foreign operation is sold, such exchange difference are recognised in the income statement as part of the gain or loss on sale.

2.7 Intangible Assets*(i) Brands and Trademarks*

Brand and trademark intangible assets have been recorded at cost, being their estimated fair value at the time of acquisition. They are amortised over estimated useful lives as follows:

| | |
|-----------------------|--------|
| Brands and trademarks | 1 year |
|-----------------------|--------|

(ii) Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any impairment. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Such a review primarily entails evaluation of future expected profitability and cash flows of the subsidiary. Any impairment is recognised immediately and is not subsequently reversed.

(iii) Impairment of Intangible Assets

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expenses category consistent with the function of the intangible asset.

ACCOUNTING POLICIES (continued)**2.8 Property, Plant and Equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight-line basis at the following annual rates:

Office equipment - 33.33% straight line over the life of the asset

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.9 Financial Assets

All financial assets are recognised and derecognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for the transaction costs, except for those carried at fair value through profit and loss which are measured initially at fair value. Subsequent measurement of financial assets and liabilities are as set out below.

For the purpose of subsequent measurement, financial assets have been classified into the following categories on initial recognition:

- Available for sale (AFS) financial assets
- Loans and receivables

All income relating to financial assets that are recognised in profit and loss are presented within other income.

Financial assets are assessed for indicators of impairment at each statement of financial position reporting date. Provision against financial assets is made where there is objective evidence that the value of a financial asset or a group of financial assets is impaired.

The amount of the write down is determined based on the category of the financial asset as set out below.

(i) Available for Sale Investments

Available for sale assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

Available for sale investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. Gains and losses on measurement are recognised in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary items denominated in a foreign currency, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss. The loss is measured as the difference between the cost of the financial asset and its current fair value less any previous impairment.

Unquoted investments are valued by the Directors using primary valuation techniques such as recent transactions, last price or net asset value.

Where the fair value of an equity investment cannot be estimated reliably, such as investments in unquoted companies, fair value is based on cost less any impairment charges. In this case impairment charges are made to the profit and loss. The Group assesses at each period end date whether there is any objective evidence that a financial asset or group of financial assets classified as available-for-sale has been impaired.

ACCOUNTING POLICIES (continued)**2.9 Financial Assets (continued)**

An impairment loss is recognised if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. A significant or prolonged decline in the fair value of a security below its cost shall be considered in determining whether the asset is impaired.

(ii) Loans and Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. In relation to the Company, loans to and from subsidiaries are also recognised fall within this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Other financial assets are also classified within the loans and receivables category.

(iii) Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. For equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through profit or loss.

Impairment testing of available-for sale financial assets is described in Note 4.

2.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and current and deposit balances at banks with maturities of three months or less from inception, together with other short-term, highly liquid investments that are readily convertible into know amounts of cash, and which are subject to an insignificant risk of changes in value.

Cash equivalents included cash held on behalf of the Group by its solicitors.

2.11 Current and Deferred Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

ACCOUNTING POLICIES (continued)**2.11 Current and Deferred Taxation (continued)**

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates and laws that are expected to apply in the period when the liability is settled or the asset is recognised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.12 Financial liabilities

Financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument and are initially measured at fair value. They are derecognised when it is extinguished, discharged, cancelled or expired.

The Group's financial liabilities comprise trade and other payables.

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method less settlement payments.

2.13 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share capital account represents the amount subscribed for shares at nominal value. Since the Company's shares have a £Nil par value, no amounts are credited to share capital and all amounts received on the initial issuing of shares are credited to the share premium.

Other reserves represent the accumulated fair value adjustments on available-for-sale financial assets that are not permanently impaired.

Retained earnings include all results as disclosed in the statement of comprehensive income.

ACCOUNTING POLICIES (continued)**2.14 Share Based Payments**

The Group makes payments to third parties through share-based schemes, under which the entity receives services from third party suppliers as consideration for equity instruments (shares, options and warrants) of the Group. The Group may also issue warrants to share subscribers as part of a share placing. The fair value of the equity-settled share based payments is recognised as an expense in the income statement or charged to equity depending on the nature of the service provided or instrument issued.

The total amount to be expensed or charged in the case of options is determined by reference to the fair value of options granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

In the case of shares and warrants, the amount charged to the share premium account is determined by reference to the fair value of the services received if available.

2.15 Revenue

Revenue comprises the fair value of the consideration received or receivable for the consultancy, advisory and educational services provided, excluding VAT and relevant sales taxes.

Revenue is recognised for services when the group has satisfied its performance obligation in respect of the services. The amount recognised for the services performed is the consideration that the group is entitled to for performing the services provided.

2.16 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases.

Where the Group is a lessee, payments in respect of operating leases agreements are recognised as an expense on a straight line basis over the period of the lease, net of any incentives received from the lessor. Associated costs, such as maintenance and insurance are expensed as incurred.

3. Financial Risk Management**3.1 Financial Risk Factors**

The Group's activities expose it to a variety of financial risks being market risk (including interest rate risk, and currency risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Financial Risk Factors (continued)***Market Risk*****(i) Foreign currency risks**

At 31 December 2015, management maintained the majority of the Group's cash assets in sterling bank accounts to minimise foreign currency risk. The Company will continue to hold any significant cash assets in sterling.

In respect of investments, management believe that the foreign currency risk is a far lower risk than the market risk and do not currently actively look to manage foreign currency risk arising from investments.

The Directors will continue to assess the effect of movements in exchange rate on the Group's financial operations and initiate suitable risk management measures where necessary.

(ii) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short-term deposit, which is not significant.

(iii) Price Risk

The Group is exposed to equity securities price risk because of investments held and classified in the Statement of Financial Position either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group could diversify its portfolio. However, given the size of the Group's operations, the costs of managing exposure to securities price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. The Group has no exposure to commodity price risk.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Group's credit risk is attributable to cash and trade receivables. The credit risk on cash is limited because the Group invests its cash in deposits with well-capitalised financial institutions with strong credit ratings.

Liquidity Risk

The Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at 31 December 2015, the Group had unrestricted cash of £984,023 to settle accounts payable of £329,129. Most of these accounts payable have contractual maturities of less than 30 days and are subject to normal trade terms.

3.2 Fair Value Estimation

Fair value measurements are disclosed according to the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices), or indirectly (that is, derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015:

| | Level 1 | Level 2 | Level 3 | Total |
|-------------------------------------|---------|---------|------------------|------------------|
| | £ | £ | £ | £ |
| Assets | | | | |
| Available-for-sale financial assets | | | | |
| - Equity securities | - | - | - | - |
| - Equity holdings | - | - | 1,452,035 | 1,452,035 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Assets | - | - | 1,452,035 | 1,452,035 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

As this is the first year of operations for the Group no reconciliation between opening and closing balances has been disclosed as the total represents additions during the period. The total fair value adjustment at the reporting date was a gain of £287,905 and has been recognised in other comprehensive income.

All available-for-sale financial assets are in unlisted securities and many are in companies which are all pre-revenues.

The Group recognises the fair value of the available-for-sale financial assets at the cost of investment unless:

- Either there has been a specific change in circumstances which, in the Group's opinion, has permanently impaired the value of the financial asset. The asset will be written down to the impaired value;
- Or there has been an equity transaction, subsequent to the Group's investment, which crystallises a valuation for the financial asset which is different to the valuation at which the Group invested. The asset's value will be adjusted to reflect this revised valuation.

3.3 Capital Risk Management

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to develop and support its interests in cryptocurrency and blockchain technology products and services and provide returns for shareholders and benefits for stakeholders.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Group considers its capital to include share capital, share premium and retained earnings. Net cash comprises cash and cash equivalents only as there is no debt held.

4. Critical Accounting Estimates and Judgements

The preparation of the Group and Company Financial Statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, at the date of the financial information and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

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

Significant items subject to such estimates and assumptions include, but are not limited to:

(i) Fair Value Measurement

On acquisition, investments are valued at cost as this is deemed to be the fair value. Subsequent to this, management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(ii) Business Combinations

Coinsilium Group Limited acquired the business and assets of Seedco Ventures Limited by way of an issue of Coinsilium Group Limited shares. Whilst there were shareholders and Directors who were common to both companies, in the opinion of the Directors those common to both companies were not in a position to exert control over both companies. Accordingly, the transaction has been treated as a business acquisition with Coinsilium Group Limited as the acquirer. The assets acquired were deemed to meet the definition of a business as although only available for sale investments were recognised on acquisition, Seedco Ventures Ltd had begun planned principal activities, had a management team, was pursuing a plan to produce outputs and will be able to obtain access to customers.

(iii) Assessment of Control and Significant Influence

Where the proportion of equity held in an investment is near 20%, the Directors consider carefully whether the Group has significant influence over the entity. The Directors consider the percentage of equity held, the extent to which they are actually involved with management of the entity and their ability to change the percentage of equity held/ influence management in the future. Where management believes that the Group exerts significant influence over an investment, the investment will be considered an associate investment in the accounts.

4. Critical Accounting Estimates and Judgements (continued)

In the case of many of the investments acquired from Seedco Ventures Limited, Coinsilium Group Limited has agreed not to exercise its rights as a shareholder to influence the operation of the investees' businesses for the first twelve months after it acquired an interest in the investment. These agreements override any potential rights to exert significant influence or control these businesses, either as shareholder or through the appointment of Directors. Accordingly, the Directors have concluded these investments should be classified as available for sale investments as the Group has agreed and is legally bound not to exert any significant influence or control over these investments.

Following the lapse of the 12-month period over which the Group is legally bound not to appoint a director to the Board, or to influence strategic or operational policy over the investee the Group may henceforth be required to reclassify some or all of these investments as either associates or subsidiaries as may be the case considering the situation at the time.

(i) Impairment of Financial Assets

Available for sale financial assets have a carrying value of £1,452,035 at 31 December 2015, following an impairment charge of £200,737 in the year.

The Company follows the guidance of IAS 39 to determine when a financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of, and short-term business outlook for, the investee, including factors such as industry and sector performance, changes in technology and operational, financing cash flow and proposed fundraising.

Management have considered all known factors, and conclude that all investments are held at fair value as at the period end.

(ii) Share Based Payments

In accordance with IFRS 2 the total amount to be expensed over the vesting period for options and warrants issued for services is determined by reference to the fair value of the options and warrants granted, excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options/warrants that are expected to vest. At each balance sheet date, the Company revises its estimates of the vesting date.

For options and warrants issued relating to the raising of finance, the relevant expense is offset against the share premium account. The total amount to be expensed is determined by reference to the fair rate of the options and warrants granted, excluding non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and warrants that are expected to vest.

5. SEGMENTAL REPORTING

The Group operates in three geographical areas, the UK, British Virgin Islands (BVI) and Hong Kong (HK). The Company operates in one geographical area, the UK. Activities in the UK are mainly administrative in nature whilst activities in BVI relate to investment, and activities in HK relate to education and training. The reports used by the chief operating decision maker are based on these geographical segments.

The Group generated revenue of £11,870 during the year ended 31 December 2015. The Company generated revenue of £Nil during the year ended 31 December 2015.

| 2015 | BVI £ | HK £ | UK £ | Total £ |
|---|------------------|-----------------|-----------------|--------------------|
| Revenue | - | - | 11,870 | 11,870 |
| Administrative expenses | (770,573) | (20,984) | (234,804) | (1,026,361) |
| Share based payments | (81,275) | - | - | (81,275) |
| Financial income | - | - | 65 | 65 |
| Loss from operations per reportable segment | (851,848) | (20,984) | (222,869) | (1,095,701) |
| Depreciation and Amortisation | - | - | (132) | (132) |
| Impairment | (1,312,059) | - | - | (1,312,059) |
| Additions to non-current assets | 164,335 | - | - | 164,335 |
| Reportable segment assets | 1,918,135 | 10 | 741,814 | 2,659,959 |
| Reportable segment liabilities | 309,906 | 2,036 | 17,187 | 329,129 |

6. Expenses by Nature

| | Group | Company |
|---|------------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| Directors' fees | 341,893 | 341,893 |
| Employee salaries | 92,196 | 52,531 |
| Bad debts | 4,446 | - |
| Depreciation | 132 | - |
| Amortisation | 600 | 600 |
| Fees payable to Company's auditors | 20,000 | 10,000 |
| Office related expenses including lease, printing, postage and telephone expenses | 26,469 | 8,342 |
| Costs associated with potential AIM Listing | 180,281 | 180,281 |
| Other expenses | 360,344 | 193,789 |
| Total administrative expenses | 1,026,361 | 787,436 |

7. Intangible Assets

| | Note | Group | | Company | |
|-----------------------------|------|--------------|-----------|----------------|-----------|
| | | Goodwill | Trademark | Total | Trademark |
| | | £ | £ | £ | £ |
| Cost | | | | | |
| Additions during the period | | - | 600 | 600 | 600 |
| Acquisition of subsidiary | 26 | 1,110,722 | | 1,110,722 | |
| Impairment adjustments | | (1,110,722) | (600) | (1,111,322) | (600) |
| As at 31 December 2015 | | - | - | - | - |

Goodwill arose from the acquisition of the subsidiary Seedco Limited as detailed in Note 26. The Directors do not consider goodwill reflects an increase in the Group's assets, and have therefore impaired the goodwill in full.

The trademark purchased was for the application of two names: Coinsilium and Presto. Both applications were superseded by further applications, and as such, the Directors have made the decision to write off the amount in its entirety.

8. Property, Plant and Equipment

| | Group | Company |
|-----------------------------|-------------------------|-------------------------|
| | Office Equipment | Office Equipment |
| | £ | £ |
| Cost | | |
| Additions during the period | 640 | - |
| As at 31 December 2015 | 640 | - |

8. Property, Plant and Equipment (continued)

| | <u>Group</u> | <u>Company</u> |
|---------------------------------------|-----------------------------|-----------------------------|
| | Office Equipment | Office Equipment |
| | £ | £ |
| Depreciation | | |
| Charge for the period | 132 | - |
| As at 31 December 2015 | 132 | - |
| Net book value as at 31 December 2015 | 508 | - |

9. Available for Sale Financial Assets

| | Unlisted Equity Security Hong Kong | Unlisted Equity Security United Kingdom | Unlisted Equity Security BVI | Unlisted Equity Security Mexico | Unlisted Equity Security United States | Total |
|----------------------|---|--|---|--|---|--------------|
| | £ | £ | £ | £ | £ | £ |
| At 25 September 2014 | - | - | - | - | - | - |
| Additions | 259,330 | 708,940 | 155,350 | 98,783 | 142,464 | 1,349,429 |
| Impairment | (45,837) | - | (155,350) | - | - | (200,737) |
| Fair value movement | - | - | - | 287,905 | - | 287,905 |
| At 31 December 2015 | 213,943 | 708,940 | - | 386,688 | 1,015,128 | 1,452,035 |

The Directors fully impaired the investment in Hive Labs Limited at 31 December 2015, due the cessation of development of the Hive wallet due to lack of resources.

At 31 December 2015, the Group owns unlisted shares in:

- Hive Labs Limited, a company incorporated in BVI, which has been subject to an impairment charge of £155,350;
- Fuzo Limited, a company incorporated in Hong Kong;
- Exchange of the Americas, SAPI de CV, a company incorporated in Mexico, trading under the name of meXBT;
- Fidelia Solutions Limited, a company incorporated in Hong Kong, trading under the name of 'CoinSimple', and which has been subject to an impairment charge of £45,387;
- Cryptopay Limited, a company incorporated in the United Kingdom;
- Coins.sx Limited, a company incorporated in the United Kingdom, trading under the name of 'Magnr';
- SatoshiPay Limited, a company incorporated in the United Kingdom;
- Factom Inc., a company incorporated in the United States;
- Neuroware.io Inc., a company incorporated in the United States; and
- TRAC Technology Limited, a company incorporated in the United Kingdom.

10. Investments in Subsidiary Undertakings

| | Company |
|-------------------------------------|------------------|
| | 2015 |
| | £ |
| Shares in Group Undertakings | |
| Additions | 1,644,333 |
| Disposals | - |
| Impairment of investment | - |
| At 31 December 2015 | 1,644,333 |
| Loans to Group undertakings | 1,945,840 |
| Impairment of loans | (937,767) |
| Total | 2,652,406 |

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid. No impairment change is required at 31 December 2015.

During the period, the Company acquired Coinsilium Limited and Seedco Ventures Limited, as detailed in Note 26.

In March 2015, the Company established Blockchain Space Limited ("Blockchain Space"), Blockchain Space is incorporated in Hong Kong, and was established with an initial share capital of HK\$1.

In March 2015, the Company established Seedcoin Limited ("Seedcoin"), Seedcoin is incorporated in BVI, and was established with an initial share capital of US\$500.

During the year, the Company also impaired the fair value of the loan receivable from Coinsilium Limited by £937,767, giving a closing loan receivable of £3,951.

Details of Subsidiary Undertakings

| Name of subsidiary | Place of business | Parent company | Registered capital | Share capital held | Principal activities |
|---------------------------|--------------------------|--------------------------|-----------------------------|---------------------------|-----------------------------------|
| Coinsilium Limited | United Kingdom | Coinsilium Group Limited | Ordinary shares £0.0001 | 100% | Advisory and educational services |
| Seedcoin Limited | British Virgin Islands | Coinsilium Group Limited | Ordinary shares £Nil | 100% | Investment |
| Blockchain Space Limited | Hong Kong | Coinsilium Group Limited | Ordinary shares HK\$1.00 | 100% | Operating accelerator programmes |

11. Trade and Other Receivables

| | <u>Group</u> | <u>Company</u> |
|-------------------|---------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| VAT receivable | 7,499 | 5,851 |
| Prepayments | 5,633 | 4,033 |
| Other receivables | 45,926 | 23,500 |
| | 59,058 | 33,384 |

The fair value of all receivables is the same as their carrying values stated above. These assets, excluding prepayments, are the only form of financial instrument within the Group.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

| | <u>Group</u> | <u>Company</u> |
|-------------------|---------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| UK pound sterling | 59,058 | 33,384 |
| | 59,058 | 33,384 |

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

12. Other Financial Assets

Other financial assets consist of convertible loan notes, issued by Rivetz Corp under the terms of a signed convertible note purchase agreement. The Group subscribed for US\$250,000 of convertible promissory loan notes issued by Rivetz bringing its interest in Rivetz to approximately 1.6% based on anticipated conversion mechanics. The key terms are:

- Rivetz offered a maximum of US\$3.5m convertible notes;
- The interest rate on the Convertible Notes is 6%pa, non-compounding;
- Save where there is an event of default, unless converted into stock, all principal and accrued interest due and payable in a single payment on 31 December 2016;
- Mandatory conversion upon Rivetz raising funds of not less than US\$3m (loan notes are convertible at the lower of a valuation of US\$12m (pre-money) or the implied valuation at the next equity issue by Rivetz; and
- Optional conversion if no qualifying fundraising on agreed terms.

Other financial assets are treated as loans and recoverable financial assets and are carried at fair value through profit and loss. This amount has not been discounted as Management considers that the fair value of the receivable is US\$250,000.

13. Cash and Cash Equivalents

| | <u>Group</u> | <u>Company</u> |
|--------------------------|--------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| Cash at bank and in hand | 984,023 | 248,397 |

All of the Group's cash at bank is held with institutions with an AA credit rating.

14. Trade and Other Payables

| | <u>Group</u> | <u>Company</u> |
|------------------|----------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| Trade payables | 191,683 | 172,374 |
| Accrued expenses | 137,446 | 109,620 |
| | 329,129 | 281,994 |

15. Share Capital

On 25 September 2014, Coinsilium Group Limited was incorporated to act as the holding company for the Group. On incorporation, 1 share was issued at £Nil par value.

Issued share capital

| Group and Company | Number of shares | Ordinary shares £ | Share premium £ | Total £ |
|--|---------------------|-------------------------|-----------------------|------------------|
| As at Incorporation | 1 | - | - | - |
| Issue of new shares – 19 December 2014 | 39,999,999 | - | 4,000 | 4,000 |
| Issue of new shares – 23 December 2014 (1) | 6,250,000 | - | 478,900 | 478,900 |
| Issue of new shares – 31 March 2015 | 20,500,000 | - | 1,640,000 | 1,640,000 |
| Issue of new shares – 15 April 2015 | 2,000,000 | - | 140,000 | 140,000 |
| Issue of new shares – 22 June 2015 (2) | 1,000,000 | - | 153,547 | 153,547 |
| Issue of new shares – 25 June 2015 | 2,500,000 | - | 400,000 | 400,000 |
| Issue of new shares – 2 July 2015 (3) | 2,199,750 | - | 334,763 | 334,763 |
| Cancellation of shares – 4 September 2015 | (12,000,000) | - | - | - |
| Issue of new shares – 15 September 2015 | 2,343,750 | - | 300,000 | 300,000 |
| Cancellation of shares – 27 November 2015 | (5,000,000) | - | - | - |
| Issue of new shares – 24 December 2015 | 335,135 | - | 33,513 | 33,513 |
| Issue of new shares – 24 December 2015 (4) | 1,233,968 | - | 114,142 | 114,142 |
| Issue of new shares – 24 December 2015 (4) | 10,000,000 | - | 778,531 | 778,531 |
| At 31 December 2015 | 71,362,603 | - | 4,377,396 | 4,377,396 |

(1) Includes issue costs of £21,100

(2) Includes issue costs of £6,453

(3) Includes issue costs of £17,197

(4) Includes issue costs of £230,724

On incorporation, one ordinary share of £Nil par value was issued.

On 19 December 2014, 39,999,999 ordinary shares (Founder Shares) of £Nil par value were issued for cash at a price of £0.0001 per share as consideration for the acquisition of Coinsilium Limited, totalling £4,000.

On 23 December 2014, 6,250,000 ordinary shares of £Nil par value were issued for cash at a price of £0.08 per share, totalling £500,000. Costs in respect of this share issue totalled £21,100 giving net cash proceeds of £478,900.

15. Share Capital (continued)

On 31st March 2015, 20,500,000 ordinary shares of £Nil par value were issued at a price of £0.08 per share as consideration for the acquisition of the business and assets of Seedco Ventures Limited, totalling £1,640,000.

On 15th April 2015, two Non-Executive Directors were appointed to the Company. 1,000,000 ordinary shares were issued to each of the two Directors on a fully paid basis, at an implied price of £0.08 per share. The implied price of these shares was subsequently written down to £0.07 per share following the transfer of Founder shareholdings in November 2015.

On 22 June 2015, the Company allocated and issued 1,000,000 ordinary shares of £Nil par value to a certain subscriber at a price of £0.16 per share, totalling £160,000. Costs in respect of this share issue totalled £6,453 giving net proceeds of £153,547.

On 25 June 2015, the Group acquired a 27.3% interest in TRAC Technology Ltd for a consideration of £400,000. The consideration was satisfied by the issue and transfer of, in aggregate, 3,125,000 ordinary shares in the Company. 2,500,000 shares were issued on 25 June 2015, with the transfer of 625,000 occurring on 4 September 2015.

On 2 July 2015, 2,199,750 new ordinary shares were issued at a price of £0.16 per share, totalling, £351,960. Costs in respect of this share issue totalled £17,197 giving net proceeds of £334,763.

On 4 September 2015, the Company redeemed and cancelled 12,000,000 ordinary shares from Founder Shares for no consideration.

On 4 September 2015, 1,424,938 ordinary shares were transferred from Founder Shareholders to TRAC Technology Ltd and other share subscribers for no consideration.

On 15 September 2015, 2,343,750 ordinary shares were issued at a price of £0.128 per share, totalling £300,000.

On 27 November 2015, the Company redeemed and cancelled 5,000,000 ordinary shares from Founder Shares for no consideration.

On 27 November 2015, 4,101,890 ordinary shares were transferred from Founder Shareholders to existing shareholders of the Company to reduce the cost of their ordinary shares:

- In the case of cash subscribers paying £0.08 per share in December 2014, reduced to £0.07 per share; and
- In the case of cash subscribers paying £0.128 per share (implied), reduced to £0.085 per share.

On 24 December 2015, 335,135 ordinary shares were issued in relation to the settlement of invoices payable to Alkimi Limited, Helen Barton, Investor Events and Daniel Stewart & Company. These shares of £Nil par value were issued at a price of £0.10 per share, totalling £33,513.

On 24 December 2015, 1,233,968 ordinary shares of £Nil par value were issued at a price of £0.10 per share, totalling £123,397. Costs in respect of this share issue totalled £9,255 giving net proceeds of £114,142.

On 24 December 2015, 10,000,000 ordinary shares of £Nil par value were issued at a price of £0.10 per share, totalling £1,000,000. Costs in respect of this share issue totalled £221,469 giving net proceeds of £778,531.

16. Other Reserves

| | <u>Group</u> | <u>Company</u> |
|----------------------|---------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| Share option reserve | 81,275 | 81,275 |
| | 81,275 | 81,275 |

17. Share Options and Warrants

Share options outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

| Expiry Date | Exercise Price in £ per share | 2015 |
|-----------------------------------|--|-------------------|
| 24 December 2018 – Share options | 0.20 | 7,750,000 |
| 24 December 2018 – Share warrants | 0.20 | 3,500,000 |
| | | 11,250,000 |

No options were exercised during the period.

18. Share Options

Warrant and options were valued using the Black Scholes Option Pricing Model, and all vested immediately upon grant. The assumptions used to value the options and warrants are set out below, which also includes key terms and conditions:

| | Management Options | DS Warrants | Narocroc Warrants | SI Warrants |
|---|-------------------------------|------------------------|------------------------------|--------------------|
| | December 2015 | December 2015 | December 2015 | December 2015 |
| Options and warrants granted | | | | |
| Share and warrants under option | | | | |
| Exercise price | £0.20 | £0.20 | £0.20 | £0.20 |
| Exercisable from | Date of issue | Date of issue | Date of issue | Date of issue |
| Option/warrant life | 3 years | 2 years | 3 years | 2 years |
| Risk free rate | 0.967% | 0.967% | 0.967% | 0.967% |
| Expected dividend yield | £Nil | £Nil | £Nil | £Nil |
| Forfeiture rate | - | - | - | - |
| Expired volatility | 39.2% | 39.2% | 39.2% | 39.2% |
| Total fair value of options/warrants granted | £0.079 | £0.04 | £0.079 | £0.04 |

The total fair value during the period was £81,275 which has been recognised in the Statement of Comprehensive Income.

The expected volatility is based upon an average of several ISDX and Fintech Companies. The risk-free rate of return is taken as a blend of the interest rates of the countries in which the companies that the Group has invested operate.

18. Share Options (continued)

| | 2015 | Weighted average exercise price |
|--|-------------------|---------------------------------------|
| | Number | |
| Outstanding at 1 January 2015 | - | £Nil |
| Granted | | |
| Management Options | 7,750,000 | £0.079 |
| DS Warrants | 1,000,000 | £0.04 |
| Narocroc Warrants | 1,500,000 | £0.079 |
| SI Warrants | 1,000,000 | £0.04 |
| Exercised | - | £Nil |
| Outstanding at 31 December 2015 | 11,250,000 | £0.072 |
| Exercisable at 31 December 2015 | 11,250,000 | £0.072 |

The weighted average fair value of warrants granted in the year was £0.415. In the event of a reconstruction, takeover or winding-up of the Company, options/warrants are subject to accelerated vesting and may be exercised within certain time limits.

| Range of exercise prices | Weighted average exercise price | Number of Shares | Weighted average remaining life (expected) | Weighted average remaining life (contracted) |
|--------------------------|---------------------------------|------------------|--|--|
| £0.04 - £0.079 | £0.415 | 9,750,000 | 3 | 3 |
| £0.04 | £0.04 | 1,500,000 | 2 | 2 |

19. Employees

The Group had five full time employees (excluding Directors) for part of the period. For the period to 31 March 2015, the Directors provided professional services as required on a part-time basis. From 1 April 2015, the Directors were employed by the Company. Details of Directors' remuneration are disclosed in Note 20.

20. Directors' Remuneration

All Directors are considered to be key management personnel.

| Company | Short Term Employee Benefits | Options Granted | Total |
|--------------------------------|------------------------------|------------------|----------------|
| Executive Directors | | | |
| Cameron Parry | 58,154 | 2,000,000 | 58,154 |
| Eddy Travia | 45,083 | 2,000,000 | 45,083 |
| Hakim Mamoni | 42,874 | 2,000,000 | 42,874 |
| Paul Johnson | 70,000 | - | 70,000 |
| Malcolm Pallé | 41,744 | - | 41,744 |
| Non-Executive Directors | | | |
| Tony Sarin | 77,019 | 500,000 | 77,019 |
| Laurent Kssis | 7,019 | - | 7,019 |
| At 31 December 2015 | 341,893 | 6,500,000 | 341,893 |

No pension benefits are provided for any Director.

21. Auditors Remuneration

During the year, the Group obtained the following services from the auditor:

| | <u>Group</u> | <u>Company</u> |
|--|--------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| Fees payable to the Group's auditor in regards to the audit of the Company | 20,000 | 10,000 |

22. Finance Income

| | <u>Group</u> | <u>Company</u> |
|--------------------------------|--------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| Finance income – bank interest | 65 | - |

23. Taxation

| | <u>Group</u> | <u>Company</u> |
|--------------|--------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| Current tax | - | - |
| Deferred tax | - | - |
| Tax charge | - | - |

| | <u>Group</u> | <u>Company</u> |
|--|--------------|----------------|
| | 2015 | 2015 |
| | £ | £ |
| Loss before tax | (2,415,746) | (1,806,478) |
| Tax at the applicable rate of 1.81% | (43,725) | - |
| Net tax effect of losses carried forward | 43,725 | - |
| Tax charge | - | - |

No charge to taxation arises due to the losses incurred.

The weighted average applicable tax rate of 1.81% used is a weighted average rate of the corporate tax levies in the location where the Group operates.

The Company has tax losses of approximately £43,725 available to carry forward against future taxable profits. A deferred tax asset has not been recognised because of uncertainty over future taxable profits against which the losses may be utilised.

24. Earnings per Share**Group**

The calculation of the total basic earnings per share of (0.04) pence is based on the loss attributable to equity owners of the parent company of £2,127,841 and on the weighted average number of ordinary shares of 50,610,107 in issue during the period.

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options or warrants would be to decrease the loss per share.

Company

The calculation of the total basic earnings per share of (0.04) pence is based on the loss attributable to equity owners of the Company £1,871,035 and on the weighted average number of ordinary shares of 50,610,107 in issue during the period.

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options or warrants would be to decrease the loss per share.

25. Commitments

The Group leased office premises under a short-term operating lease agreement. The lease was taken out in February 2015 for a fixed term of 2 years, with the right to terminate by either party from 25 March 2016 by giving one month's notice in writing. The Group gave notice on 25 March 2016, and currently occupies its office premises on a tenancy at will. The lease expenditure charged to the income statement during the year is included in Note 6.

The future aggregate minimum lease payments under short-term operating leases are as follows:

| | <u>Group</u> | <u>Company</u> |
|---|--------------|----------------|
| | 2015 £ | 2015 £ |
| Not later than one year | 4,800 | - |
| Later than one year but not later than five years | - | - |
| Total lease commitment | 4,800 | - |

26. Business Combinations

(i) Coinsilium Limited

On 19 December 2014, the Group acquired 100% of the share capital of Coinsilium Limited ("Coinsilium") for £4,000. Coinsilium is registered in the United Kingdom. Coinsilium Group Limited acquired its interest in Coinsilium Limited by way of an exchange of shares. The Directors have not treated the transaction as a business acquisition in accordance with IFRS 3: Business combinations on the basis that neither company had commenced active trading. Coinsilium Limited had no inputs, processes or outputs at the time of the transaction. The entity had not begun planned principal activities, it had no employees, nor was it pursuing a plan to produce outputs. As such this transaction fell outside of the scope of IFRS 3: Business Combinations. As this transaction was immaterial no further information has been disclosed.

26. Business Combinations (continued)

(ii) Seedcoin Limited

On 31 March 2015, the Company acquired 100% of the assets and business of Seedco Ventures Limited ("Seedco") for £1,640,333. The assets and liabilities are held by Seedcoin Limited as nominee for the Company. Seedcoin Limited is registered in the British Virgin Islands.

The following table summarises the consideration paid for Seedco Ventures Limited and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

| Consideration at 19 December 2014 | £ |
|---|------------------|
| Cash | 333 |
| Equity instruments (20,500,000 ordinary shares at 0.08 pence per share) | 1,640,000 |
| Total consideration | 1,640,333 |

| Recognised amounts of identifiable assets acquired and liabilities assumed | Book value | FV adj. | Total |
|---|-------------------|----------------|------------------|
| | | | £ |
| Cash and cash equivalents | - | - | 333 |
| Available for sale financial assets | 529,278 | - | 529,278 |
| Total identifiable net assets | - | - | - |
| Goodwill | | | 1,110,722 |
| Total consideration | | | 1,640,333 |

27. Related Party Transactions**Loan from Coinsilium Group Limited to Coinsilium Limited**

As at 31 December 2015 there were amounts receivable of £3,951 from Coinsilium Limited. No interest was charged on the loan. During the year, the loan was written down by £937,767.

Loan from Coinsilium Group Limited to Seedcoin Limited

As at 31 December 2015 there were amounts receivable outstanding from Seedcoin Limited of £985,158. No interest was charged on the loan.

Loan from Coinsilium Group Limited to Blockchain Space Ltd

As at 31 December 2015 there were amounts receivable of £18,964.40 from Blockchain Space Ltd. No interest was charged on the loan.

All intra-group transactions are eliminated on consolidation.

27. Related Party Transactions (continued)**Other Transactions**

In December 2014, the Company acquired 100% of the share capital of Coinsilium Limited in exchange for 40,000,000 ordinary shares in the Coinsilium Group Limited. Coinsilium Limited was incorporated in July 2014 and owned 25% by each of C.J. Parry, E Travia, H Mamoni and MSD Pallé (together the "Founder Shareholders"). Each received 10,000,000 ordinary shares in the Company as consideration (the "Founder Shares"). Since that time, the total number of Founder Shares held by the Founder Shareholders have been reduced by 25,038,316 to a total of 14,961,684 shares.

In March 2015, the Company acquired the assets and goodwill of Seedco Ventures Limited in exchange for 20,500,000 ordinary shares in the Coinsilium Group Limited. E Travia and H Mamoni were shareholders in Seedco Ventures Limited and E Travia was the sole director. E Travia and H Mamoni each received 1,899,992 ordinary shares in the Company as consideration.

During the period ended 31 December 2015, H Mamoni was advanced an interest-free loan of £9,000. At 31 December 2015, the balance owed to the Company was £3,500.

At 31 December 2015 an amount of £104 was owing from Metal Tiger Plc and £15,720 was owed to Metal Tiger Plc. These amounts were for consultancy services provided by Metal Tiger Plc and travel expenses incurred by Coinsilium Group Limited on Metal Tiger Plc's behalf. C.J. Parry is a director of both Metal Tiger Plc and Coinsilium Group Limited.

28. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

29. Events after the Reporting Date

Since the reporting date, the following events have occurred:

On 4 January 2016, the Group invested an additional US\$29,000 in Fuzo Limited, increasing its total investment to US\$305,000 and its shareholding to 13.4%.

On 14 January 2016, the Group invested US\$50,000 in RSK Labs Ltd ("RSK"), being 14.3% of the initial seed round, representing approximately 1% of share capital. RSK operates Rootstock, a smart contract platform built as a sidechain of the Bitcoin blockchain that adds value and functionality to the core Bitcoin network by enabling smart contracts.

On 19 January 2016, the Group invested an additional US\$50,000 in Factom Inc., increasing its total investment to US\$200,000 and its shareholding to 1.97%.

On 22 January 2016, the Group invested an additional €150,000 in SatoshiPay Limited, increasing its total investment to €200,000 and its shareholding to approximately 14.5%.

In February, the Group launched its 3-month accelerator programme in Barcelona. Of the 80 plus applicants, four companies were chosen to participate in the programme which was partly sponsored. The Group will acquire shares in these four early stage companies. The Group is in discussions with partners to replicate the success of the Barcelona programme in other parts of the world.

On 30 March 2016, the Company granted an option to Jan Skoyles to subscribe for 189,475 ordinary shares of £Nil par value at an exercise price of £0.12. This option expires three years from the grant date.

On 31 March 2016, Cameron Parry resigned as Executive Chairman of the Group. Laurent Kssis was appointed Non-Executive Chairman on the same day.

In April, the Group organised a week-long technical development course, Blockchain Tech Lab, in London, which attracted participants and lecturers from across the world. The group intends to build on the success of this course through a series of innovative technical courses.