

First Growth Funds Limited
ABN 34 006 648 835

Annual Report - 30 June 2016

**First Growth Funds Limited
Corporate Directory
30 June 2016**

Directors	Mr Geoff Barnes (Chairman) Mr Athan Lekkas Mr Michael Clarke
Company Secretary	Ms Frances Notman
Registered office	Level 5 56 Pitt Street Sydney NSW 2000
Principal place of business	Level 5 56 Pitt Street Sydney NSW 2000
Share register	Computershare Investor Services 452 Johnston Street Abbotsford VIC 3067
Auditor	BDO East Coast Partnership Level 14 140 William Street Melbourne VIC 3000
Stock exchange listing	ASX Code: FGF
Website address	www.firstgrowthfunds.com

Financial Performance

The net consolidated operating loss of the economic entity for the financial year, after providing for Income tax, amounted to \$481,824 compared with a loss for the 2015 year of \$181,622. This has been primarily due to \$440,000 of acquisition costs which were incurred in the current financial year being the Company's costs associated with the proposed acquisition of Public Democracy as noted below. Total assets are \$940,343 as at 30 June 2016 (\$1,734,001 as at 30 June 2015) and net assets are \$838,563 as at 30 June 2016 (\$894,562 as at 30 June 2015).

Our Business

First Growth Funds (FGF) is an ASX listed investment company that manages a portfolio of investments covering small and medium companies that are listed on the Australian Securities Exchange or seeking investment ahead of an Initial Public Offering (IPO). The Board of Directors has been appointed to ensure an experienced and complimentary skillset exists for the benefit of the Company. The Directors have experience in investment opportunities, capital raisings and initial public offerings. The number of holdings in the portfolio will depend on market conditions and investment opportunities. The selection of stocks in the portfolio is based on attractive valuations along with suitable growth prospects.

Our Business Strategy

As a short to medium term investor, the last financial year has been challenging especially with falling commodity prices impacting energy and resource companies and the high valuations trading on the higher yielding companies.

First Growth Funds has chosen to hold a high level of cash for the majority of the year, whilst also deploying some of this into the market with the major focus of this activity in small and mid-sized companies where our team have identified potential trading and investment opportunities.

First Growth Funds has also invested in select initial public offerings (IPOs) and recapitalisations where growth and upside could be identified in the relative short term with suitable liquidity events within 24 months of investment.

The Company will continue to review suitable investment opportunities going forward and will continue to seek capital growth opportunities.

On 6 October 2015, FGF announced it had entered into a binding term sheet to acquire 100% of Public Democracy Pty Ltd (PD). However, whilst undertaking its due diligence process, including better understanding the markets Public Democracy operates in, it became apparent that it appeared to be more commercially advantageous for the Public Democracy business to operate in a private environment rather than in the listed company environment whilst it implements the next stage of its growth plans. As a result it was agreed to alter the terms of the original deal as set out below. On the 23rd December, the Company divested its investment in the unlisted business Bluefish Technologies. This holding has now been transferred to the secured creditor in return for all claims and security over FGF being released.

On 9 February 2016, Boards of both FGF and PD agreed to vary the original Australian transaction as noted above. FGF received 2,200,000 fully paid shares in PD (representing approximately 2% of the expanded capital in PD) in exchange for the Exclusivity payments totaling \$440,000 that FGF had committed to pay.

Prospects for future financial years

The outlook for the Australian industrial economy remains mildly positive at the present time.

The drivers of consumer conditions are broadly favourable. Monetary policy is supportive, consumer wealth has lifted through strong house price growth and strong equity market returns from the last four years, and employment is growing, albeit slowly.

Business conditions in many sectors have been improving. Financial markets activity and loan growth have expanded. Residential construction is proceeding at a high level. The lower Australian dollar is boosting export industrial opportunities and improving the competitiveness of domestically manufactured goods over imports.

International influences are also developing in a positive direction. Employment and underlying economic activity are continuing to expand in the USA. The closer focus will remain on the Chinese economy and how its government manages and supports policy initiatives.

There are some negatives against these favourable contributors.

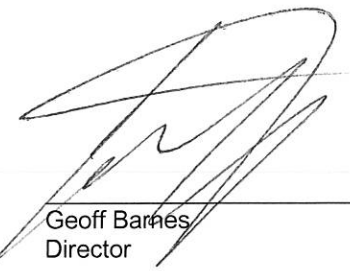
The global push to lower government spending has in turn failed to stimulate consumer activity and promoted deflation whilst pushing interest rates to unsustainably low levels.

The Australian economy continues to face headwinds including the downturn in mining activity resulting from the low commodity prices and lower levels of planned capital expenditure.

As we look towards the 2017 financial year, consensus expectations for the non-resource sectors of the Australian listed market are for companies on average to experience low single-digit earnings growth.

First Growth Fund's strategic objective is to seek to both capitalise on the opportunities and avoid the risks that such a changing environment presents, while continuing to provide our shareholders with a diversified exposure to Australian investment opportunities.

On behalf of the directors



Geoff Barnes
Director

6 September 2016

First Growth Funds Limited
Directors Report
30 June 2016

The directors present their report on the consolidated entity consisting of First Growth Funds Limited and the entities it controlled for the year ended 30 June 2016. These Financial Statements cover the period from 1 July 2015 to 30 June 2016.

Principal activities

The Company is a Listed Investment Company with the ongoing investment objectives of the Company being to acquire up to 100% of, or to invest in, listed or unlisted companies or operating businesses where the Company believes there are suitable growth opportunities.

Directors

The following persons were directors of First Growth Funds Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Athan Lekkas
Geoff Barnes
Michael Clarke

Operating Results

The operating loss of the consolidated entity after providing for income tax was \$481,824 (30 June 2015: \$181,622)

Dividends

There were no Dividends paid during the 2016 financial year to the owners of First Growth Funds Limited (2015: nil).

Information on Directors

Set out below is information on all the Directors of the Company.

Mr. Geoff Barnes – Chairman of the Board: Appointed 16 May 2014

Mr. Barnes is a Founder and Director of Peloton Capital Pty Ltd ("Peloton"), where he has responsibility for equity markets, stockbroking operations and corporate transactions. Prior to that he was employed for 9 years at Macquarie Private Wealth (Sydney) as an investment adviser and then Division Director, specialising in all commercial aspects of bringing projects to market, predominantly in the energy sector.

Mr. Barnes does not fulfil the role of an independent director as he is a major shareholder of the Company.

Other Current Directorships:

Nil

Former Directorships in last 3 years:

Raya Group Limited

Mr. Athan Lekkas – Non-Executive Director: Appointed 16 July 2012

Mr. Lekkas has participated in a broad range of business and corporate advisory transactions, and is a former founding Director of Energo Limited, an Iron Ore company in West Africa. Mr. Lekkas has more recently focused and specialised on the restructure and recapitalisation of a wide range of ASX Listed companies with a specific interest in the resources sectors and is also a Member of the Australian Institute of Company Directors.

Mr. Lekkas fulfils the role of an independent director as he is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with the independent exercise of judgement.

Other Current Directorships:

Raya Group Limited

Former Directorships in last 3 years

Nil

Mr. Michael Clarke - Non-Executive Director: Appointed 19 May 2014

Mr. Clarke has over 18 years' experience in the IT industry and has worked across both public and private enterprise during his career. He has broad experience in the development and management of enterprise and complex systems and worked at many senior levels during this time. Mr Clarke has consulted and provided services to a variety of industries including

First Growth Funds Limited
Directors Report
30 June 2016

manufacturing, mining and resources, government and education.

Mr. Clarke fulfils the role of an independent director as he is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with the independent exercise of judgement

Other Current Directorships

Raya Group Limited

Former Directorships in last 3 years

Nil

Company Secretary

Frances Notman (BCA, ACA) has held the role of Company Secretary since 16 July 2015. Frances is a member of the New Zealand Society of Accountants.

During the financial year Michael Clarke was company secretaries.

Meetings of directors

The numbers of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2016, and the numbers of meetings attended by each director were:

	Full Board		Audit Compliance & Corporate Governance Committee		Remuneration Committee	
	Attended	Held*	Attended	Held	Attended	Held
Geoff Barnes	5	5	-	-	-	-
Michael Clarke	5	5	-	-	-	-
Athan Lekkas	5	5	-	-	-	-

* Held represents the number of meetings held during the time the director held offices or was a member of the relevant committee.

The functions of the Remuneration, Nomination & Share Allotment Committees are incorporated into the meetings of the Board of Directors. The aggregate remuneration paid to non-executive directors is currently capped at A\$450,000 being the level approved by shareholders for this purpose at the Annual General Meeting of shareholders held on 30 November 2009. Non-executive director's remuneration will reflect the additional committees that they may serve on from time to time. There are no termination benefits for directors.

Remuneration Report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity in accordance with the requirements of the Corporations Act 2001 and its regulations.

Voting and comments made at the company's prior Annual General Meeting ('AGM')

All resolutions were passed at the 2015 AGM.

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of First Growth Funds Limited are set out in the following tables.

The key management personnel of the consolidated entity consisted of the directors of First Growth Funds Limited only.

First Growth Funds Limited
Directors Report
30 June 2016

2016	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Bonus	Non-monetary	Superannuation	Long service leave	Equity settled	Total
	\$	\$	\$	\$	\$	\$	\$
Non -Executive Directors:							
Athan Lekkas	50,000	-	-	-	-	-	50,000
Geoff Barnes	53,000	-	-	-	-	-	53,000
Michael Clarke	51,500	-	-	-	-	-	51,500

2015	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Bonus	Non-monetary	Superannuation	Long service leave	Equity settled	Total
	\$	\$	\$	\$	\$	\$	\$
Non -Executive Directors:							
Athan Lekkas	10,000	-	-	-	-	-	10,000
Geoff Barnes	10,000	-	-	-	-	-	10,000
Michael Clarke	25,000	-	-	-	-	-	25,000

All directors' remuneration is fixed.

Details of options over ordinary shares issued to directors and other key management personnel during the year ended 30 June 2016 are set out below:

2016	Number of options held at year end		Number of options lapsed during the year		Number of options exercised during the year		Number of options vested during the year	
	Series "A" Expiry Feb 2016	Series "B" Expiry Feb 2018	Series "A" Expiry Feb 2016	Series "B" Expiry Feb 2018	Series "A" Expiry Feb 2016	Series "B" Expiry Feb 2018	Series "A" Expiry Feb 2016	Series "B" Expiry Feb 2018
Geoff Barnes	-	33,450,000	69,976,724	-	-	-	-	-
Michael Clarke	-	-	2,000,000	-	-	-	-	-
Athan Lekkas	-	6,000,000	5,600,000	-	-	-	-	-

2015

Number of options held
at year end

Number of options vested
during the year

Name	2015 Series "A" Expiry Feb 2016	2015 Series "B" Expiry Feb 2018	2015 Series "A" Expiry Feb 2016	2015 Series "B" Expiry Feb 2018
Geoff Barnes	69,976,724	33,450,000	69,976,724	33,450,000
Michael Clarke	2,000,000	-	2,000,000	-
Athan Lekkas	5,600,000	6,000,000	5,600,000	6,000,000
Joe Calabria (resigned 10 March 2015)	10,200,000	6,000,000	10,200,000	6,000,000

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2016	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year (4)
<i>Ordinary shares</i>					
Geoff Barnes	83,068,053	-	1,931,947	-	85,000,000
Michael Clarke	2,000,000	-	-	-	2,000,000
Athan Lekkas	13,200,000	-	-	-	13,200,000

2015	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Balance at the end of the year (4)
<i>Ordinary shares</i>					
Geoff Barnes	32,400,000	-	50,668,052	-	83,068,053
Michael Clarke	2,000,000	-	-	-	2,000,000
Athan Lekkas	7,200,000	-	6,000,000	-	13,200,000
Joe Calabria	16,400,000	-	6,000,000	-	22,400,000

The earnings of the consolidated entity for five years to 30 June 2016 are summarised below:

Year Ended June 30	2016	2015	2014	2013	2012
EBITDA	(481,824)	(181,622)	970,072	(325,179)	(490,105)
EBIT	(481,824)	(181,622)	970,072	(325,179)	(490,105)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

Year Ended June 30	2016	2015	2014	2013	2012
Share Price at June 30	0.007	0.006	n/a	n/a	n/a
Dividends Declared	Nil	Nil	Nil	Nil	Nil
EPS cents	(0.106)	(0.054)	(0.542)	(0.650)	(2.426)

The remuneration strategy of FGF is critical to achieving the Group's overall objective of profitable growth and quality of product through a strong performance culture. The directors consider that the structure adopted is designed to be competitive in the listed investment market so as to attract, motivate and retain the best executives available.

The core of FGF's remuneration philosophy seeks to focus on:

- Driving performance over and above shareholder and market expectations;
- Ensuring variable pay is very closely linked to the Group's performance and that individuals who contribute to this performance are appropriately rewarded; and
- Providing incentives for high performing individuals to align personal and corporate objectives over the medium to long-term through equity ownership;

The FGF remuneration framework will be structured in such a way as to drive ongoing superior performance and align executive and shareholder interests using other Listed Investment Companies as benchmarks. Key features of the proposed FGF remuneration structure include:

Fixed remuneration: The level of fixed remuneration will be set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Incentive Plans: First Growth Funds does not currently have either a Short Term Incentive Plan or a Long Term Incentive Plan in place, however the Company may look to introduce these in future years.

REMUNERATION COMMITTEE

Role of the Remuneration Committee

The Remuneration Committee assists the Board in achieving fairness and transparency in relation to remuneration issues whilst overseeing the remuneration and human resources policies and practices of the Group. The Remuneration Committee endeavours to ensure that the Group's remuneration policies and outcomes strike an appropriate balance between the interests of FGF's shareholders and rewarding and motivating the Group's executives and employees.

The responsibilities of the Remuneration Committee pursuant to its Charter include:

- make decisions with respect to appropriate remuneration and incentive policies for executive directors and senior executives, which motivates to ensure long term success of the Group;
- establish policies that identify a clear correlation between high performance and remuneration and aligns interests of those individuals with long-term interests of FGF's shareholders;
- reviewing and making recommendations to the Board on the terms of executive remuneration packages, including the criteria for assessing performance and the quantum of bonuses to be paid;
- reviewing and making recommendations concerning the long-term incentive compensation plans, including the use of share options and other equity-based plans;
- monitoring compliance with the terms of the employee benefit plans; and
- reviewing and making recommendations to the Board on the level of remuneration for Non-executive directors.

This concludes the remuneration report that has been audited.

Shares under Option

Unissued ordinary shares of First Growth Funds Limited under option at the date of this report are as follows:

Allocation Date	Expiry Date	Ex Price	No. under Option
February 2015	17 February 2018	0.02	272,866,800
July 2016	20 February 2018	0.02	44,545,400

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options

The following ordinary shares of First Growth Funds Limited were issued during the year ended 30 June 2016 and up to the date of this report on the exercise of options allocated:

Date Options Allocated	Ex Price	No of Shares Issued
23 February 2016	.008	3,051,041

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There has been no provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), which is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Likely Developments and Expected Results from Operations

The Company does not expect a change in the nature of its operations and will continue as a Listed Investment Company (LIC), and to seek additional investment opportunities in a variety of asset classes, listed or unlisted companies, which it either believes are significantly undervalued, or where it believes it can add value through investment and management expertise.

Significant changes in the state of Affairs

There has been no significant change in the state of Affairs other than that set out in the Operating Financial Report.

Matters subsequent to the end of the financial year

Subsequent to year end the Company conducted a successful capital raise by way of a Share Purchase Plan (SPP) which resulted in the issue of 319,848,461 shares with a total amount raised of \$1,915,000. Each participant in the SPP also received 1 new option to subscribe for an ordinary fully paid share in the Company for every 3 shares issued under the SPP (SPP Bonus Options).

Variance to Appendix 4E

The variance in the loss for the year to that disclosed in the Appendix 4E relates to correction of share issues costs.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

Rounding of amounts

Amounts in this report have been rounded off to the nearest dollar.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

First Growth Funds Limited
Directors Report
30 June 2016

This report is made in accordance with a resolution of directors.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'Geoff Barnes', written over a horizontal line.

Geoff Barnes
Director

6 September 2016

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Corporate Governance Practices and Conduct

First Growth Funds Limited has published its Corporate Governance Statement on its website. It can be found at www.firstgrowthfunds.com/about/corporate-governance

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First Growth Funds Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

		Consolidated	
	Note	2016	2015
		\$	\$
Income			
Revenue	3	268,964	97,054
Other Income	3	408,913	90,629
Expenses			
Acquisition Related Costs		(440,000)	-
ASX Fees		(23,124)	(62,914)
Share Registry Costs		(38,866)	(16,430)
Director Fees		(148,648)	(30,000)
Professional Fees		(113,611)	(166,382)
Travel		(110,742)	(7,756)
AFSL		(21,259)	-
Secretarial Fees		(68,400)	(14,000)
Legal fees		(41,921)	(4,465)
Other expenses		(153,130)	(67,358)
Loss before income tax expense from continuing operations		(481,824)	(181,622)
Income tax expense	4	-	-
Loss after income tax expense for the year		(481,824)	(181,622)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(481,824)	(181,622)
Loss for the year is attributable to:			
Owners of First Growth Funds Limited		(481,824)	(181,622)
Total comprehensive income for the year is attributable to:			
Owners of First Growth Funds Limited		(481,824)	(181,622)
	Note	2016	2015
		Cents	Cents
Earnings per share for loss attributable to the owners of First Growth Funds Limited			
Basic loss per share	23	(0.106)	(0.054)
Diluted loss per share	23	(0.106)	(0.054)

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

First Growth Funds Limited
Statement of Financial Position
As at 30 June 2016

		Consolidated	
	Note	2016	2015
		\$	\$
Assets			
Current Assets			
Cash & cash equivalents	5	659,483	759,269
Trade & other receivables	6	36,560	34,816
Deposits for Trading Investments		-	210,000
Trading Investments	7	244,300	338,828
Total current assets		940,343	1,342,913
Non-current assets			
Investments accounted for using the equity method	8	-	391,088
Total non-current assets		-	391,088
Total assets		940,343	1,734,001
Liabilities			
Current liabilities			
Trade & other payables	9	86,635	39,439
Borrowings	10	15,145	800,000
Total current liabilities		101,780	839,439
Total liabilities		101,780	839,439
Net Assets		838,563	894,562
Equity			
Contributed equity	11	54,787,864	54,362,039
Share Option Reserve	12	296,347	296,347
Accumulated losses	13	(54,245,648)	(53,763,824)
Total equity		838,563	894,562

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

First Growth Funds Limited
Statement of Changes in Equity
For the year ended 30 June 2016

	Contributed equity \$	Share Option Reserve \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2015	54,362,039	296,347	(53,763,824)	894,562
Loss after income tax expense for the year	-	-	(481,824)	(481,824)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(481,824)	(481,824)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	425,825	-	-	425,825
Balance at 30 June 2016	54,787,864	296,347	(54,245,648)	838,563

	Contributed equity \$	Share Option Reserve \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2014	53,125,154	-	(53,582,202)	(457,048)
Loss after income tax expense for the year	-	-	(181,622)	(181,622)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(181,622)	(181,622)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 11)	1,236,885	296,347	-	1,533,232
Balance at 30 June 2015	54,362,039	296,347	(53,763,824)	894,562

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

First Growth Funds Limited
Statement of Cash Flows
For the year ended 30 June 2016

		Consolidated	
	Note	2016	2015
		\$	\$
Cash flows from operating activities			
Proceeds from trading activities		3,632,914	1,456,800
Payments for trading investments		(3,074,307)	(1,925,177)
Payments for acquisition related cost		(440,000)	-
Payments to suppliers and employees		(657,360)	(465,760)
Interest received		11,642	16,602
Dividends received		1,500	-
Net cash used in operating activities	22	(525,611)	(917,535)
Cash flows from investing activities		0	
Net cash used in investing activities		0	-
Cash flows from financing activities			
Proceeds from issue of shares		469,409	1,533,232
Share issue costs		(43,584)	-
Net cash from financing activities		425,825	1,533,232
Net (decrease)/increase in cash & cash equivalents		(99,786)	615,697
Cash & cash equivalents at the beginning of the financial year		759,269	143,572
Cash & cash equivalents at the end of the financial year	5	659,483	759,269

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

Note1. Significant accounting policies

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

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 18.

Going Concern

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

New Revised or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the and Australian Accounting Standards Board (AASB) that are mandatory for the financial period. Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of First Growth Funds Limited ('company' or 'parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. First Growth Funds Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

First Growth Funds Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Company currently has one operating segment.

Foreign currency translation

The financial report is presented in Australian dollars, which is First Growth Fund Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rate, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

First Growth Funds Limited has no wholly-owned Australian subsidiaries and has not formed an income tax consolidated group under the tax consolidation regime.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that

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the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current market prices.

Valuation

Trading securities are carried at fair value using price quotations in an active stock market.

Gains and Losses

Realised and unrealised gains and losses arising from changes in the fair value of trading securities are recognised in other comprehensive income in the statement of profit or loss in the period in which they arise.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mis-match. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets 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.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowing.

Employee benefits

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

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Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of First Growth Funds Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Share Based Payments

Equity-settled transactions are awards of shares, or options over shares, that are provided in exchange for the rendering of services.

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The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Where the cost of equity-settled transactions relates to share capital issues, the costs are recognised as a reduction in share capital with a corresponding increase in share option reserve over the vesting period. Options issued during the current financial year all vested immediately upon issue.

Rounding of amounts

Amounts in this report have been rounded off in to the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

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When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact

Note 2. Critical accounting judgements, estimates and assumptions

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 3. Revenue

	Consolidated 2016 \$	2015 \$
<i>Revenue</i>		
Dividend Income	1,500	-
Interest Income	11,642	16,602
Trading Income	255,822	80,452
Revenue from operations	268,964	97,054
<i>Other income</i>		
Gain on disposal of Bluefish Technologies	352,908	-
Gain of associate accounted for using the equity method	56,005	90,629
	408,913	90,629

Note 4. Income Tax Expense

	Consolidated 2016 \$	2015 \$
<i>Numerical reconciliation of income tax expense to prima facie tax payable</i>		
Loss before income tax expense from continuing operations	(481,824)	(181,622)
Tax at the Australian rate of 28.5% (2015: 30%)	(137,320)	(54,487)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred tax asset not recognised	153,281	81,676
Share of loss of associate	(15,961)	(27,189)
Income tax expense	-	-

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

Note 5. Current assets – cash & cash equivalents

	Consolidated 2016 \$	2015 \$
Cash at bank	659,483	759,269
	659,483	759,269

Note 6. Current assets – trade & other receivables

	Consolidated 2016 \$	2015 \$
GST receivable	13,091	34,816
Other receivables	23,469	-
Total Accounts Receivable	36,560	34,816

Note 7. Trading Investments

	Consolidated 2016 \$	2015 \$
Listed Securities at fair value	244,300	338,828

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

Note 8. Non-Current assets – investments accounted for using the equity method

	Consolidated 2016 \$	2015 \$
Investment in Bluefish Technologies	-	391,088
Unlisted securities at fair value (Note 14)	-	-
	-	391,088

Movements	Consolidated 2016 \$	2015 \$
Opening Balance	391,088	300,459
Share of profit for the period	56,005	90,629
Disposal of investment in Bluefish Technologies	(447,093)	-
	-	391,088

Refer to note 10 and 20 for detailed information on investments in associates.

Note 9. Current liabilities – trade & other payables

	Consolidated 2016 \$	2015 \$
Trade payables	86,635	39,439
	86,635	39,439

Note 10. Current liabilities – borrowings

	Consolidated 2016 \$	2015 \$
Borrowings	15,145	-
Secured Loan		800,000
	15,145	800,000

The secured loan was secured by a fixed and floating charge over the parent entity's investment in Bluefish Technologies Pty Ltd. As announced on 23 December 2015, a condition precedent for the potential acquisition of Public Democracy was the divestment of the company's investment in Bluefish Technologies. This holding was transferred to the secured creditor on 17 December 2015 in return for all claims and security over FGF being released.

Note 11. Equity – contributed

	30/06/2016 No of Ordinary Shares	30/06/2016 \$	30/06/2015 No of Ordinary Shares	30/06/2015 \$
Balance at the beginning of the financial period	446,444,834	54,362,039	248,570,316	53,125,154
05/09/2014 New shares issued at \$0.0001 per share	-	-	28,000,000	2,800
13/02/2015 New shares issued at \$0.01 per share	-	-	152,866,800	1,528,668
13/02/2015 New incentive shares issued \$0.0001 per share	-	-	17,000,000	1,700
12/03/2015 Exercise of listed options	-	-	4,785	41
12/05/2015 Exercise of listed options	-	-	2,933	23
				-
23.2.2016 Option Conversion	3,051,041	24,409	-	-
31.5.2016 Share Placement	67,424,175	445,000	-	-
Less costs incurred from capital raising		(43,584)		(296,347)
Balance at end of Financial Period	516,920,050	54,787,864	446,444,834	54,362,039

Share buy-back

There is no current on-market share buy-back.

Capital risk management

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

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

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Note 12. Share Based Payments

As part of the capital raising and relisting on the ASX that took place in February 2015, options were issued as consideration for services provided.

These options vested immediately, and the valuation model inputs used to determine the fair value at the allocation date were as follows:

	Series A Options	Series B Options
Allocation Date	13 February 2015	13 February 2015
Expiry Date	17 February 2016	17 February 2018
Exercise Price	\$0.008	\$0.020
Share Price at Allocation Date	\$0.010	\$0.010
Expected Volatility	85%	85%
Dividend Yield	-	-
Risk Free Rate	2.48%	2.58%
Fair Value at Allocation Date	0.004	0.004
Balance at start of the year	173,562,598	272,866,800
Issued free attaching to shares issued	-	-
Issued as share based payment	-	-
Exercised during the year	(3,051,041)	-
Expired during the year	(170,511,557)	-
	-	272,866,800
Weighted average exercise price	\$0.008	\$0.002
Remaining contractual lives	-	1.625 years

The Series A options expired 17 February 2016.

Note 13. Equity – accumulated losses

	Consolidated	
	2016	2015
	\$	\$
Accumulated losses at the beginning of the financial year	(53,763,824)	(53,582,202)
Loss after income tax expense for the year	(481,824)	(181,622)
Accumulated losses at the end of the financial year	<u>(54,245,648)</u>	<u>(53,763,824)</u>

Equity – dividends

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

	Consolidated	
	2016	2015
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>7,159</u>	<u>6,517</u>

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

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

Note 14. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a number of financial risks, including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity, mindful of the cost of such measures and the competing demands of other investment. Risks are monitored through the use of sensitivity analysis for interest rate and foreign exchange risks and aging analysis for credit risk.

The consolidated entity has formed a risk management committee to identify, evaluate and recommend mitigation activities for risk and to develop policy for risk management across all consolidated entity operations pursuant to written risk management principles approved by the Board.

Market risk

Price risk

The consolidated entity is exposed to movements in the stock prices for those trading investments held at year end. Based on this exposure, had the share prices increased or decreased by 9% (2015: 9%) the impact on the consolidated entity's loss before tax and net assets would have been:

	Consolidated Impact on loss before tax	Impact on net assets
Increase by 9%	21,987	33,718
Decrease by 9%	(21,987)	(33,718)

Interest rate risk

Interest rate risk refers to 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. Interest rate risk arises from the consolidated entity's interest bearing financial assets and liabilities. The interest rate liability risk arises primarily from the fixed rate of the convertible notes creating fair value interest rate risk. The consolidated entity has no borrowings with variable interest rates so has no cash flow interest rate risk and all the consolidated entity's external borrowings are denominated in Australian dollars. The consolidated entity's only exposure to interest rate risk from the variable interest rate on cash at bank.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument creating a financial loss. Credit risk arises from cash and cash equivalents, deposits with banks and through exposures to wholesale and retail customers.

The consolidated entity does not have any significant trading credit risk exposure to a single customer or group of customers.

Where credit is appropriate, ongoing credit evaluation is performed on the financial condition of customers including an allowance for impairment of receivables based on general trading conditions and experience in the market. Currently there are no relevant exposures to require analysis. The credit risk of Inter-company receivables are assessed by the directors and reviewed based on the underlying businesses.

Liquidity risk

Liquidity risk is the risk that the consolidated entity's operational performance will be adversely affected through the failure to satisfy an obligation for settlement of a financial transaction within contractual terms or that operational decisions made to ensure sufficient funding is available to meet such settlement will adversely affect the value of financial assets (including sale of financial assets at values less than their fair market values). The consolidated entity's predominant exposure to liquidity risk is through investments in overseas start-up businesses which can experience significant volatility whilst in their infancy.

The consolidated entity monitors liquidity risk through cashflow forecasting and manages risk through group management of funds, appropriate fund raisings and through establishing readily accessible standby facilities and other funding arrangements. The consolidated entity had access to a convertible note facility which has been fully drawn. During the financial year, the facility matured and was extended.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

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	Weighted average interest rate %	1 year or less \$	Between 1 & 2 years \$	Between 2 & 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2016						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	86,635	-	-	-	-
Total non-derivatives	-	86,635	-	-	-	-
Consolidated - 2015						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	39,439	-	-	-	-
Loan from shareholders	-	800,000	-	-	-	-
Total non-derivatives	-	839,439	-	-	-	-

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments. Trading investments are carried at fair value and are level 1 instruments within the fair value hierarchy, as they are based on quoted prices in active markets at the measurement date.

The investment in unlisted securities, being Public Democracy Pty Limited, are valued at fair value and are level 3 instruments within the fair value hierarchy, as there are no observable inputs. The directors have considered the available information regarding this investment and believe it is currently appropriate to recognise a fair value of nil.

Note 15. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company, and its related practices:

	Consolidated 2016 \$	2015 \$
<i>Audit services - BDO East Coast Partnership</i>		
Audit or review of the financial report	31,300	24,500

Note 16. Key management personnel disclosures

Directors

The following persons were directors of First Growth Funds Limited during the financial year:

Athan Lekkas
Geoff Barnes
Michael Clarke

First Growth Funds Limited
Notes to the Financial Statements
For the Year Ended 30 June 2016

Other key management personnel

There were no other key management personnel.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2016	2015
	\$	\$
Short-term employee benefits	154,500	45,000
	153,000	45,000

Note 17. Related party transactions

The following transactions occurred during the year with related parties:

	Consolidated	
	2016	2015
	\$	\$
Printing and mailing services (provided by Retailink Pty Ltd), a related party of Joe Calabria)	51,059	23,912
Corporate advisory and secretarial services (provided by Sparke Enterprises Pty Ltd, a related party of Michael Clarke)	1,500	15,000
Accounting and consulting services (provided by Peloton Capital Pty Ltd, a related entity of Geoff Barnes)	136,300	114,720

Payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties

	Consolidated	
	2016	2015
	\$	\$
Directors Fees Owing to Geoff Barnes	-	2,500
Directors Fees Owing to Michael Clarke	-	2,500
Directors Fees Owing to Athan Lekkas	-	2,500
Peloton Advisory Pty Ltd	2,320	5,117
Retailink Pty Ltd	41,935	-

Note 18. Parent Entity Information

Set out below is the supplementary information about the parent entity.

	2016 \$	2015 \$
Statement of profit or loss and other comprehensive income		
Loss for the year	(481,824)	(181,622)
Total comprehensive loss for the year	(481,824)	(181,622)
Statement of financial position		
Current assets	940,343	1,342,913
Total assets	940,343	1,734,001
Current liabilities	101,780	839,439
Total liabilities	101,780	839,439
Contributed equity	54,787,864	54,362,039
Share Option Reserve	296,347	296,347
Accumulated losses	(54,245,648)	(53,763,824)
Total Equity / (deficiency)	838,563	894,562

The parent company has not entered into any guarantees in relation to debts of its subsidiaries nor does it have any contingent liabilities as at 30 June 2016 and 30 June 2015. In addition the parent company has no capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

Note 19. Subsidiaries

Name of Entity	Country of Incorporation	Equity Holding	
		2016 %	2015 %
Whizfone Pte Ltd	Singapore	100	100
Whizfone (Singapore) Pte Ltd*	Singapore	100	100
AM Communications Joint Stock Corporation	Vietnam	51	51

*Subsidiary of Whizfone Pte Ltd

The directors are continuing to work to have the controlled entities deregistered. At 30 June 2016 the directors are satisfied that no assets or liabilities exist in the subsidiaries and the directors have impaired all investments in subsidiaries in full.

Note 20. Investments in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates is set out below:

Associate	Principal activities	Consolidated percentage interest	
		2016 %	2015 %
Bluefish Technologies Pty Limited	Development of video cards	-	24.54

Information relating to the associate is set out below.

	Consolidated 2016 \$	2015 \$
<i>Extract from statement of financial position</i>		
Current assets	-	1,150,936
Non-current assets	-	1,057,981
Total assets	-	2,208,917
Current liabilities	-	452,470
Non-current liabilities	-	239,277
Total liabilities	-	691,747
Net assets	-	1,517,170
Share of net assets	-	372,313
<i>Extract from statement of profit or loss and other comprehensive income</i>		
Revenue	-	3,644,365
Expenses	-	(3,275,054)
Loss after income tax from continuing operations	-	369,311
Share of loss after income tax	-	90,629

Note 21. Events occurring after the reporting date

Subsequent to year end the Company conducted a successful capital raise by way of a Share Purchase Plan (SPP) which resulted in the issue of 319,848,491 shares with a total amount raised of \$1,915,000. Each participant in the SPP also received 1 new option to subscribe for an ordinary fully paid share in the Company for every 3 shares issued under the SPP (SPP Bonus Options).

Note 22. Cashflow Reconciliation

	2016 \$	2015 \$
Reconciliation of the loss after tax to the net cash flows from operations		
Loss after income tax	(481,824)	(181,622)
Non-Cash Items		
Share of profit of associate	(56,005)	(90,629)
Gain on disposal of equity accounted investment	(352,907)	-
Changes in assets and liabilities		
Decrease / (Increase) in trading investments	304,528	(548,828)
Increase in trade and other receivables	(1,744)	(13,109)
Increase /(Decrease) in other payables	62,341	(83,347)
Net cash outflow from operating activities	(525,611)	(917,535)

Note 23. Earnings per share

	Consolidated 2016 \$	2015 \$
<i>Earnings per share from continuing operations</i>		
Loss after income tax	(481,824)	(181,622)
	Number 2016	Number 2015
Weighted average number of ordinary shares used in calculating basic earnings per share	453,064,860	335,190,649
Weighted average number of ordinary shares used in calculating diluted earnings per share	453,064,860	335,190,649
	Cents	Cents
Basic Loss per share	(0.106)	(0.054)
Diluted Loss per share	(0.106)	(0.054)

**First Growth Funds Limited
Directors Declaration
For the Year Ended 30 June 2016**

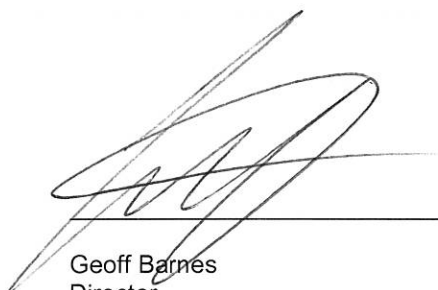
In the directors' opinion:

- The attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- The attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date;
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Geoff Barnes
Director

Sydney

For personal use only

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Shareholding as at 30 August 2016

Holdings Ranges	Holders	Ordinary shares
1 to 1,000	49	12,079
1,001 to 5,000	35	117,199
5,001 to 10,000	15	112,936
10,001 to 100,000	53	3,329,208
100,001 and over	167	833,197,089
	319	836,768,511

Holding less than a marketable parcel 118

Unquoted Equity Securities

	Number of holders	Number on Issue
Series "B" Expiry Feb 2018	50	272,866,800

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Substantial Shareholding

The names of the substantial shareholders listed in the holding Company's register are:

Shareholder:	Number of shares held
GEBA PTY LTD <GEBA FAMILY A/C>	90,000,000
SAYERS INVESTMENTS (ACT) PTY LIMITED <THE SAYERS INVEST NO 2 A/C>	47,272,727

First Growth Funds Limited
ASX Information
For the Year Ended 30 June 2016

Top 20 shareholders as at 30 August 2016

RANK	NAME	NUMBER HELD	% OF UNITS
1.	GEBA PTY LTD <GEBA FAMILY A/C>	90,000,000	10.76
2.	SAYERS INVESTMENTS (ACT) PTY LIMITED <THE SAYERS INVEST NO 2 A/C>	47,272,727	5.65
3.	AS & JR LIBBIS PTY LIMITED <LIBBIS FAMILY A/C>	28,522,727	3.41
4.	DALEXT PTY LTD <DALEXT UNIT A/C>	28,472,727	3.40
5.	EKE HOLDINGS PTY LTD	28,272,725	3.38
6.	GXB PTY LTD	27,872,725	3.33
7.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	24,292,689	2.90
8.	AEGIAN PAL PTY LTD <ELPIDA SUPER FUND A/C>	22,296,727	2.66
9.	LITTLE BREAKAWAY PTY LTD	21,472,727	2.57
10.	RED AND WHITE HOLDINGS PTY LTD <BLOOD SUPER FUND A/C>	20,000,000	2.39
11.	ETHAN ALLEN INVESTMENTS PTY LTD <ETHAN ALLEN INVEST UNIT A/C>	17,828,786	2.13
12.	BENEFICO PTY LTD	16,666,667	1.99
13.	ALASTAIR R BROWN PTY LTD	15,152,727	1.81
14.	AH SUPER PTY LTD <THE AH SUPER FUND A/C>	15,151,515	1.81
15.	VICEX HOLDINGS PROPRIETARY LIMITED <VICEX SUPER A/C>	15,000,000	1.79
16.	KORE CAPITAL PTY LTD	14,873,281	1.78
17.	MUNGALA INVESTMENTS PTY LTD	13,692,865	1.64
18.	NOBLE INVESTMENTS SUPERANNUATION FUND PTY LTD <NOBLE INV S/F TOL ALL A/C>	12,987,677	1.55
19.	CALABRIA ENTERPRISES PTY LTD	12,933,362	1.55
20.	NOBLE INVESTMENTS SUPERANNUATION FUND PTY LTD <NOBLE INV S/F TOL LTC A/C>	12,393,727	1.48
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		485,156,381	57.98
Total Remaining Holders Balance		351,612,130	42.02

Company Secretary

The name of the Company Secretary is Ms Frances Notman

Registered Office

The address of the registered is Level 5, 56 Pitt Street, Sydney NSW 2000.

Share Registry

The share registry of First Growth Funds Limited is:

Computershare Investor Services
452 Johnstone Street
Abbotsfield VIC 3067