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First Growth Funds Limited

ABN 006 648 835



Interim Report 31 December 2011

First Growth Funds Limited
Financial Report
For the half-year ended 31 December 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of First Growth Funds Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2011.

These Financial Statements cover the period from 1 July 2011 to 31 December 2011. On 17 July 2011, the Company appointed Michael Basedow of Pitcher Partners, 160 Greenhill Road, Parkside, South Australia as Administrator of the Company. The Company has been subject to a Deed of Company Arrangement (DOCA), which has the effect of extinguishing the current debts and facilitates the Company being recapitalized and reinstated to quotation on the Australian Securities Exchange (ASX). That DOCA has been effectuated on 14 October 2013 and the Company returned to the control of its shareholders, as represented by their Board. These Financial Statements report results and the financial position that are not representative of the position of the Company following completion of the recapitalisation and should not be used as the basis for any investment decision about the Company or its prospects.

Principal activities

The Company plans to continue as a Listed Investment Company with the ongoing investment objectives of the Company being to acquire 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 half-year and up to the date of this report, unless otherwise stated:

Ian Barry Clarkson (resigned 4 July 2011)
David Stephen Glavonjic (resigned 10 July 2012)
Peter Mullins (resigned 16 July 2012)

Athan Lekkas (appointed 16 July 2012)
Joe Calabria (appointed 16 July 2012)
Geoff Barnes (appointed 16 May 2014)
Michael Clarke (appointed 19 May 2014)

Simon Lill (appointed 16 July 2012, resigned 16 May 2014)
Warren Staude (appointed 16 September 2013, resigned 20 May 2014)

Operating Results

The net loss of the company after income tax for the period was \$333,563 (2010:\$1,050,754).

Administrator Appointed

On 17 July 2011 the Noble Investments Superannuation Fund, a secured creditor, appointed Michael Basedow of Pitcher Partners in South Australia as administrator of First Growth Funds Limited as a result of failure by the company to meet the terms of the convertible note facility with the secured creditor.

Deed Of Company Arrangement

A Deed of Company Arrangement ("DOCA") as proposed by Trident Capital Pty Ltd was approved by Creditors on 30 January 2012 and executed on 20 February 2012. The Company has remained under DOCA until the 14th October 2013 at which stage the ASX was notified that the DOCA has been effectuated and the Company returned to the control of its shareholders and Board.

Review of Operations and Subsequent Events

First Growth Funds Limited was admitted to the official list of the ASX initially as a second board company in 1986, and subsequently as a main Board company in 1991.

It has, for the main part of its listed status, invested in other Companies and businesses in a wide variety of sectors. In more recent years these investments have concentrated on telecommunications investments and then on "climate change services". It has operated as a Listed Investment Company ("LIC") through this period and has approval to reinstate to trading on the ASX as a LIC.

Pursuant to section 436C of the Corporations Act 2001, its secured lender, Noble Investments Superannuation Fund Pty Ltd, appointed Michael Oscar Basedow of Pitcher Partners of 160 Greenhill Road, Parkside SA as Administrator of FGF at 5:30pm on Sunday 17 July 2011.

At a Creditor's Meeting held on January 30 2012 the Creditors resolved to enter into a Deed of Company Arrangement ("DOCA") with Trident Capital Pty Ltd ("Trident"). It executed the DOCA with Trident on 20 February 2012.

A further meeting of Creditors was held on October 9 2013. The Creditors approved a varied DOCA between the Company and Trident Capital Pty Ltd, which was executed on October 9th 2013.

The varied DOCA was effectuated on Monday October 14th 2013 and the Company returned to the control of its Board of Directors as at that date.

Shareholders approved a revised recapitalisation proposal on 27 October 2013. This proposal terminated as advised to the ASX on 1 May 2014, with the Company advising the ASX of agreement reached on a new proposal with Peloton Capital Pty Ltd.

That proposal was approved by shareholders on 30 July 2014.

The resultant outcomes to the Company of the DOCA, the varied DOCA, and the Peloton proposal are noted below:

At the time of entering into the DOCA in February 2012, the Company had 4,029,774,575 shares on issue.

The Company also retained its interest in Bluefish Technologies Pty Limited, which it had originally acquired in 2004.

The effect of this DOCA, as approved by shareholders, ultimately resulted in:

- i. The issue of 604,466,186 pre-reconstruction shares;
- ii. The reconstruction of the share capital on a 1 for 200 basis from the increased capital of 4,634,260,761 shares to 23,171,316 shares;
- iii. The issue of 60,000,000 shares at \$0.005 cents per share to raise \$300,000;
- iv. The payment to the Creditor's Trust of \$500,000 by the Company in full and final satisfaction of all outstanding debts to the Company. \$200,000 was paid from the initial raising of \$300,000 in iii above. The balance was paid as a result of the varied DOCA noted below, specifically the capital raised as referred to in vi below.
- v. The issue of 50,000,000 shares to the Secured Creditor and or their nominee in exchange for them altering their security from a fixed and floating charge over all assets of the Company to a fixed charge over the Company's interest in Bluefish Technologies Pty Limited.

The varied DOCA then further approved:

- vi. The issue of a further 83,000,000 shares at a price of \$0.005 per share to raise \$415,000;

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- vii. The issue of 100,000,000 to 150,000,000 shares at a price of \$0.02 per share to raise \$2,000,000 to \$3,000,000 through a Public Raising. This raising was not completed.
- viii. The issue of up to 30,000,000 shares as incentive shares at a price of \$0.001 per share. These incentive shares were not issued;
- ix. The proposed issue of a total of 141,170,316 options to various shareholder groups. The Options are exercisable at \$0.008 per option within 7 days of the Option Expiry, which is the date that will be 12 months from the Reinstatement Date. These options have not yet been issued but are to be issued through the Public offer the subject of a Prospectus that was lodged with ASIC on 15 September 2014.

The further proposal from Peloton which was approved by shareholders on 30 July 2014 results in:

- x. The issue of 32,400,000 shares at a price of \$0.005 per share to raise \$162,400.
- xi. The issue of 32,400,000 Series A Options to Peloton;
- xii. The issue of 45,000,000 Incentive Shares, each with a free attaching Series B New Option. 28,000,000 of these shares with free attaching options have been issued;
- xiii. The issue of up to 300,000,000 New Shares at a price of \$0.01 per share through a Public Offer;
- xiv. The issue of 136,170,316 Series A New Options to existing shareholders;
- xv. The issue of 5,000,000 Series A New Options to Transocean Securities Pty Ltd; and
- xvi. The issue of 75,000,000 Series B New Options to Peloton Capital and/or its nominees.

All of the above, unless otherwise noted, will be issued subject to the successful attainment of the minimum prospectus raising of \$1,500,000.

At the date of being placed in Administration, the Company was indebted to the Secured Creditor, as accepted by the Administrator, in the amount of \$1,371,885. Pursuant to the terms of the DOCA and the Reconstruction Deed, and following shareholder approval, the Secured Creditor agreed to the following arrangement in respect of this debt:

- The Secured Creditor will discharge and release its registered fixed and floating charge (ASIC registration number 1586961) over the Company's assets.
- In substitution for the above fixed and floating charge, the Company will:
 - i. Issue the Secured Creditor or nominees 50 million shares in FGF; and
 - ii. Grant the Secured Creditor a security interest over the Bluefish shares held by the Company as collateral for repayment of the moneys owed to the Secured Creditor, limited to \$800,000 ("Security Interest") as well as 50% if any proceeds from the Bluefish shares over and above the \$800,000 (see below). Importantly, the Security Interest does not encumber the other assets of the Company other than the Bluefish shareholding and the Secured Creditor has no rights to any other asset of the Company.

The outcome of the various capital movements listed above are summarized below.

Date	Definition	Shares	Issue Price (\$)	Series A New Options	Series B New Options	Capital Raised (\$)
July 11	Shares on Issue at Date of Administration	4,029,774,575				
Aug 12	New Issue of Shares	604,466,182	0.000015			9,067
Oct 12	Shares on Issue prior to Oct General Meeting – Pre Reconstruction (1:200)	4,634,240,757				

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Date	Definition	Shares	Issue Price (\$)	Series A New Options	Series B New Options	Capital Raised (\$)
Oct 12	Shares on Issue prior to Oct General Meeting – Post Reconstruction (1:200)	23,170,316		23,170,316		
Nov 12	Issue of Proponent Shares	60,000,000	0.005	30,000,000		300,000
June 2013	<i>Sub-total shares/options on issue following shareholder meeting</i>	83,170,316				
Aug 13	Shares issued in Aug 13	12,000,000	0.005	12,000,000		60,000
Oct 13	Shares issued from Convertible Notes	60,500,000	0.005	60,500,000		302,500
Oct 13	Shares issued to Directors on Convertible Note conversion	10,500,000	0.005	10,500,000		52,500
Oct 13	Shares issued to Secured Creditors and Nominees	50,000,000				
May 2014	Shares issued to clients of Peloton Capital	32,400,000				
July 2014	<i>Sub-total shares/options on issue following shareholder meeting</i>	248,570,316				
August 2014	Options to be issued to clients of Peloton Capital			32,400,000		
August 2014	Shares to be Issued through the Prospectus (Max Subscription)	300,000,000	0.01		300,000,000	3,000,000
Dec 13	Options to be issued for the provision of AFSL			5,000,000		
Dec 14	Incentive Shares to be issued for support of Public Raise	45,000,000	0.0001		45,000,000	3,000
Dec 14	Peloton Option issue				75,000,000	
	Total	593,570,316		173,570,316	420,000,000	3,727,067

As announced to the ASX on 9 December 2014, the Company has confirmed that it has raised the required capital to seek reinstatement of its securities with the ASX.

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The Company is now coordinating a reinstatement date for its securities with the ASX.

State of Affairs

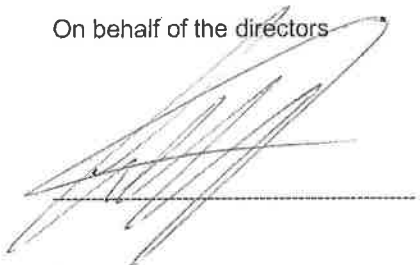
In the opinion of the Directors all significant changes in the state of affairs of the Company other are set out in the Review of Operations.

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 the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

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

Geoff Barnes
Director

23 December 2014
Sydney

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AUSTRALIA

DECLARATION OF INDEPENDENCE BY RICHARD DEAN TO THE DIRECTORS OF FIRST GROWTH FUNDS LIMITED

As lead auditor for the review of First Growth Funds Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of First Growth Funds Limited and the entities it controlled during the period.

Richard Dean
Partner

BDO East Coast Partnership

Melbourne, 23 December 2014

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General information

The half year financial report covers First Growth Funds Limited as a consolidated entity consisting of First Growth Funds Limited and the entities it controlled. The financial report is presented in Australian dollars, which is First Growth Funds Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

First Growth Funds Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5
56 Pitt Street
Sydney NSW 2000.

The financial report was authorised for issue, in accordance with a resolution of directors, on 23 December 2014.

First Growth Funds Limited
Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2011

	Note	Consolidated	
		31/12/2011 \$	31/12/2010 \$
Revenue from continuing operations	3	30,309	157,561
Other Income	3	340,004	-
Expenses			
Cost of services provided		-	(62,363)
Employee benefits expense		(12,899)	(353,321)
Depreciation and amortisation expense		-	(25,935)
Share of loss of associate accounted for using the equity method		(37,371)	(75,570)
Professional Fees and Costs arising from the Administration and Deed of Company Arrangement		(249,878)	-
Other expenses		(20,927)	(142,733)
Finance costs		(6,576)	(185,669)
Impairment of Finance assets		(97,101)	-
Impairment of Investment in Associate		(279,124)	-
Loss before income tax expense from continuing operations		<u>(333,563)</u>	<u>(688,030)</u>
Income tax expense		-	-
Loss after income tax expense from continuing operations		<u>(333,563)</u>	<u>(688,030)</u>
Loss after income tax expense from discontinued operations	4	-	(362,724)
Loss after income tax expense for the half-year		<u>(333,563)</u>	<u>(1,050,754)</u>
Other comprehensive income			
Foreign currency translation		-	(12,751)
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>(12,751)</u>
Total comprehensive income for the half-year		<u>(333,563)</u>	<u>(1,063,505)</u>
Loss for the half-year is attributable to:			
Non-controlling interest		-	(104,468)
Owners of First Growth Funds Limited		(333,563)	(946,286)
		<u>(333,563)</u>	<u>(1,050,754)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		-	(104,468)
Owners of First Growth Funds Limited		(333,563)	(959,037)
		<u>(333,563)</u>	<u>(1,063,505)</u>

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 Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2011

	Note	Consolidated	
		31/12/2011	31/12/2010
		\$	\$
		Cents	Cents
Earnings per share for loss attributable to the owners of First Growth Funds Limited			
Basic earnings per share	9	(0.008)	(0.03)
Diluted earnings per share	9	(0.008)	(0.03)

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

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First Growth Funds Limited
Statement of Financial Position
As at 31 December 2011

	Note	Consolidated	
		31/12/2011	30/06/2011
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		27,000	8,705
Trade and Other Receivables		289	-
Financial assets		-	528,879
Total current assets		<u>27,289</u>	<u>537,584</u>
Non-current assets			
Investments accounted for using the equity method	5	<u>446,876</u>	<u>204,189</u>
Total non-current assets		<u>446,876</u>	<u>204,189</u>
Total assets		<u>474,165</u>	<u>741,773</u>
Liabilities			
Current liabilities			
Trade and other payables		1,460,014	1,239,676
Borrowings	6	<u>1,095,617</u>	<u>1,250,000</u>
Total current liabilities		<u>2,555,631</u>	<u>2,489,676</u>
Total liabilities		<u>2,555,631</u>	<u>2,489,676</u>
Net liabilities		<u>(2,081,466)</u>	<u>(1,747,903)</u>
Equity			
Contributed equity		51,989,087	51,989,087
Reserves		-	52,416
Accumulated losses		<u>(54,070,553)</u>	<u>(53,789,406)</u>
Equity attributable to the owners of First Growth Funds Limited		<u>(2,081,466)</u>	<u>(1,747,903)</u>
Non-controlling interest		-	-
Total deficiency		<u>(2,081,466)</u>	<u>(1,747,903)</u>

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 half-year ended 31 December 2011

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Non- controlling Interest \$	Total Equity \$
Consolidated					
Balance at 1 July 2011	51,989,087	52,416	(53,789,406)	-	(1,747,903)
Loss after income tax expense for the half-year	-	-	(333,563)	-	(333,563)
Total comprehensive income for the half-year	-	-	(333,563)	-	(333,563)
<i>Other adjustments</i>					
Transfer from Option Reserve on forfeiture of Options	-	(52,416)	52,416	-	-
Balance at 31 December 2011	51,989,087	-	(54,070,553)	-	(2,081,466)

	Contributed Equity \$	Reserves \$	Accumulated Losses \$	Non- controlling Interest \$	Total Equity \$
Consolidated					
Balance at 1 July 2010	50,030,782	108,698	(49,530,280)	(40,935)	568,265
Other comprehensive income for the half-year, net of tax	-	(12,751)	-	-	(12,751)
Loss after income tax expense for the half-year	-	-	(946,286)	(104,468)	(1,050,754)
Total comprehensive income for the half-year	-	(12,751)	(946,286)	(104,468)	(1,063,505)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	483,000	-	-	-	483,000
Share-based payments	-	34,773	-	-	34,773
Balance at 31 December 2010	50,513,782	130,720	(50,476,566)	(145,403)	22,533

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 half-year ended 31 December 2011

	Note	Consolidated	
		31/12/2011	31/12/2010
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	130,926
Payments to suppliers and employees (inclusive of GST)		(63,655)	(571,674)
Interest received		6	15,306
Interest and other finance costs paid		-	(185,669)
Net cash used in operating activities	8(b)	<u>(63,649)</u>	<u>(611,111)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(528)
Loan to associates and others		-	(316,793)
Loan to project development		(97,101)	(129,760)
Net cash used in investing activities		<u>(97,101)</u>	<u>(447,081)</u>
Cash flows from financing activities			
Loans from related parties		115,309	275,916
Noble Loan – Indemnity Funding		63,736	-
Proceeds from issue of shares		-	483,000
Net cash from financing activities		<u>179,045</u>	<u>758,916</u>
Net increase/(decrease) in cash and cash equivalents		18,295	(299,276)
Cash and cash equivalents at the beginning of the financial half-year		<u>8,705</u>	<u>369,259</u>
Cash and cash equivalents at the end of the financial half-year	8(a)	<u>27,000</u>	<u>69,983</u>

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

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Note 1. Significant accounting policies

1. Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting as appropriate for for-profit entities. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of First Growth Funds Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2011, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures to Transfers of Financial Assets

The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amended disclosure requirements in AASB 7 Financial Instruments: Disclosures about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when (i) an asset is transferred but is not derecognised, and (ii) when assets are derecognised but the consolidated entity has a continuing exposure to the asset after the sale.

AASB 1054 Australian Additional Disclosures

The consolidated entity has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project

The consolidated entity has applied AASB 2011-1 amendments from 1 July 2011. These amendments made changes to a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to International Financial Reporting Standards ('IFRSs') and harmonisation between Australian

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For the half-year ended 31 December 2011

and New Zealand Standards. The amendments removed certain guidance and definitions from Australian Accounting Standards for conformity of drafting with IFRSs but without any intention to change requirements.

Going Concern

The financial statement 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.

However the ability of the company to continue as a going concern is dependent on the company being able to successfully raise additional funds through debt or equity.

The existence of this condition gives rise to a material uncertainty that may cast significant doubt over the entities ability to continue as a going concern.

The company issued a prospectus on 25 September 2014, and the directors are currently in discussion with various parties in relation to the raising of funds of between \$1,500,000 and \$3,000,000. The directors are confident that the company will be able to raise the required funds and that the company will be successfully relisted on the ASX within the foreseeable future.

In addition, the directors have considered the funding required by the company for the foreseeable future to enable it to make new investments and continue as a going concern and are confident that this requirement can be met through the upcoming fundraising.

If the entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than through the ordinary course of business and at amounts different to those stated in the financial report. The report does not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amounts of liabilities that might result should the entity be unable to continue as a going concern and meet its debts as and when they become payable.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity operates in only one segment being that of an Investment company in Australia.

The operating segment is based on the internal reports that are reviewed and used by the executive management team (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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Notes to the Financial Statements
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Note 3. Revenue

	Consolidated	
	31/12/2011	31/12/2010
	\$	\$
From continuing operations		
<i>Sales revenue</i>		
Sales	-	55,880
Consulting revenue	-	10,840
Other Revenue	-	-
	<u>-</u>	<u>66,720</u>
<i>Other revenue</i>		
Interest	<u>30,309</u>	<u>90,841</u>
Revenue from continuing operations	<u>30,309</u>	<u>157,561</u>
Other Income		
Gain in disposal of controlled entities	<u>340,004</u>	<u>-</u>

Note 4. Discontinued operations

Description

In the 2010 comparative period, the company ceased funding and terminated its investment in, and association with, Whizfone Pte Ltd and its subsidiaries and also that of AMC Communications Corporation. .

Financial performance information

	Consolidated	
	31/12/2011	31/12/2010
	\$	\$
	-	4,362
Sales	-	13
Interest revenue	-	4,375
Total revenue	<u>-</u>	<u>4,375</u>
Cost of services provided	-	(10,952)
Employee benefits expense	-	(128,849)
Depreciation and amortisation expense	-	(29,356)
Impairment of receivables	-	(39,652)
Impairment of intangibles	-	(42,335)
Impairment of other assets	-	(27,797)
Other expenses	-	(88,158)
Total expenses	<u>-</u>	<u>(367,099)</u>
Loss before income tax expense	-	(362,724)
Income tax expense	-	-
Loss after income tax expense	<u>-</u>	<u>(362,724)</u>
Loss after income tax expense from discontinued operations	<u>-</u>	<u>(362,724)</u>

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Notes to the Financial Statements
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Note 5. Investments accounted for using the equity method

	Consolidated	
	31/12/2011	30/06/2011
	\$	\$
Investment in Bluefish Technologies	446,876	225,273
	<u>446,876</u>	<u>225,273</u>
Movements	31/12/2011	30/06/2011
	\$	\$
Opening Balance	204,189	395,733
Conversion of loan to equity	559,182	-
Share of Loss	(37,371)	(191,544)
Impairment Loss	(279,124)	-
	<u>446,876</u>	<u>204,189</u>

Note 6. Current liabilities - borrowings

	Consolidated	
	31/12/2011	30/06/2011
	\$	\$
Indemnity Loan from Noble	63,736	-
Loan from shareholders	1,031,881	1,250,000
	<u>1,095,617</u>	<u>1,250,000</u>

On 17 July 2011 the Noble Investments Superannuation Fund, a secured creditor, appointed an administrator to First Growth Funds Limited. The Company and the Noble Investments Superannuation Fund pursuant to a deed of assignment agreed to assign \$340,004 in value of assets of First Growth Funds Limited to Noble to reduce the debt owed. No interest or fees have been accrued on the loan from the Noble Investments Superannuation Fund since the date of the appointment of the Administrator.

Note 7. Equity - contributed

	Consolidated		Consolidated	
	31/12/2011	30/06/2011	31/12/2011	30/06/2011
	Shares	Shares	\$	\$
Ordinary shares – fully paid	4,029,774,571	4,029,774,571	51,989,087	51,989,087

Movements in ordinary share capital

Details	Date	No of shares	\$
Balance	1 July 2011	4,029,774,571	51,989,087
Balance	31 December 2011	4,029,774,571	51,989,087

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Note 8: Notes to statement of cash flows

	31/12/2011 \$	31/12/2010 \$
(a) Reconciliation of cash		
Cash at bank and on hand	27,000	8,705
(b) Reconciliation of loss from ordinary activities after income tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(333,563)	(1,050,754)
- Share of loss of associate	37,371	75,570
- Non-Cash Interest Income	(30,303)	(75,548)
- Impairment of investment	279,124	-
- Depreciation and Amortisation	-	25,935
- Non-Cash Interest Expense	6,576	-
- Share Based Payment	-	34,773
- Gain on disposal of investments	(340,004)	-
- Foreign Exchange Differences	-	(12,571)
- Impairment of Financial Assets	97,101	-
- Increase in debtors, prepayments and other assets	(289)	82,756
- Increase in creditors and accruals	220,338	308,728
Net cash used in operating activities	(63,649)	(611,111)

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Note 9. Earnings per share

	Consolidated	
	31/12/2011	31/12/2010
	\$	\$
Operating loss after income tax used in the calculation of basic and diluted loss per share	(333,563)	(1,063,505)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	4,029,774,571	2,748,148,591
	cents	cents
Basic earnings per share	(.008)	(.03)
Diluted earnings per share	(.008)	(.03)

Note 10. Subsequent Events

On 17 July 2011 the secured creditor Noble Investments Superannuation Fund appointed an administrator to First Growth Funds Limited. The Company ceased trading on the Australian Stock Exchange.

A Deed of Company Arrangement ("DOCA") as proposed by Trident Capital Pty Ltd was approved by Creditors on 30 January 2012 and executed on 20 February 2012. The Company has remained under DOCA until the 14th October 2013 at which stage the ASX was notified that the DOCA has been effectuated and the Company returned to the control of its shareholders and Board.

On 15 May 2014 the Company and Peloton Capital entered into an agreement which embodied a proposal by Peloton Capital for the recapitalisation of the Company (Recapitalisation Proposal). Completion of the

Recapitalisation Proposal will provide working capital to allow the Company to continue its existing activities and to pursue new projects by way of acquisition or investment.

As announced to the ASX on 9 December 2014, the Company has confirmed that it has raised the required capital to seek reinstatement of its securities with the ASX.

The company is now co-ordinating a reinstatement date for its securities with the ASX.

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**First Growth Funds Limited
Directors Declaration
For the half-year ended 31 December 2011**

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Geoff Barnes
Director

23 December 2014
Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of First Growth Funds Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of First Growth Funds Limited, which comprises the consolidated statement of financial position as at 31 December 2011, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of First Growth Funds Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of First Growth Funds Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Conclusion

Investment in Bluefish Technologies

First Growth Funds Limited's investment in Bluefish Technologies accounted for by the equity method, is carried at \$446,876 on the statement of financial position as at 31 December 2011 (30 June 2011: \$204,189), and First Growth Funds Limited's share of Bluefish Technologies net loss of \$37,371 (2010: \$75,570) is included in First Growth Funds Limited's statement of profit or loss and other comprehensive income for the period then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of First Growth Funds Limited investment in Bluefish Technologies as at 31 December 2011 and First Growth Funds Limited's share of Bluefish Technologies net loss for the period because management were unable to obtain access to the financial information of the associate and therefore allow us to satisfy ourselves as to the appropriateness of this information for use in the First Growth Funds Limited financial report. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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Consolidation

As at 31 December 2011 and for the period then ended, the company had investments in subsidiaries. Management have not been able to provide complete and appropriate accounting records to support the results of the subsidiary operations and has therefore not consolidated the results, assets and liabilities for these subsidiary entities in the financial statements of First Growth Funds Limited which constitutes a departure from Australian Accounting Standards. Management have informed us that these entities are no longer trading and were dormant during the year however the effects on the financial statements of the failure to consolidate have not been determined.

Qualified Conclusion

Based on our review, which is not an audit, except for the possible effects of matters described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of First Growth Funds Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion further, we draw attention to Note 1 in the financial report, which indicates that the ability of the company to continue as a going concern is dependent upon the future successful raising of necessary funding through debt/equity. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO East Coast Partnership

Richard Dean
Partner

Melbourne, 23 December 2014

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