
FIRST GROWTH FUNDS LIMITED.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended September 30, 2020 and 2019

(Unaudited)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Condensed Interim Consolidated Financial Statements have been prepared by, and are the responsibility of, the Group's management.

FIRST GROWTH FUNDS LIMITED.*(An Investment and Advisory Group)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS AT SEPTEMBER 30, 2020**

(Expressed in Australian Dollars)

(unaudited)

	Note	30 Sept 2020	30 June 2020
Current assets			
Cash and cash equivalents		3,468,203	4,349,767
Trade and other receivables	7	13,229	12,704
Inventories (cryptocurrencies)	8	47,200	47,200
Financial assets	9	3,680,251	3,126,095
Other		47,301	11,328
Total current assets		<u>7,256,184</u>	<u>7,547,094</u>
Non-current assets			
Financial assets	9	<u>1,427,635</u>	<u>1,608,567</u>
Total non-current assets		<u>1,427,635</u>	<u>1,608,567</u>
Total assets		<u>8,683,819</u>	<u>9,155,661</u>
Current liabilities			
Trade and other payables		<u>120,756</u>	<u>127,681</u>
Total current liabilities		<u>120,756</u>	<u>127,681</u>
Total liabilities		<u>120,756</u>	<u>127,681</u>
Net assets		<u>8,563,063</u>	<u>9,027,980</u>
Equity			
Issued capital	10	67,635,788	67,635,788
Reserves		-	-
Accumulated losses		<u>(59,072,725)</u>	<u>(58,607,808)</u>
Total equity		<u>8,563,063</u>	<u>9,027,980</u>

Approved on behalf of the Board:

"Anoosh Manzoori"

Anoosh Manzoori, CEO, Director

The accompanying notes are an integral part of these financial statements.

FIRST GROWTH FUNDS LIMITED.*(An Investment and Advisory Group)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE PROFIT AND LOSS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019***(Expressed in Australian Dollars)**(unaudited)*

	Note	<u>Three months</u>	
		30 Sept 2020	30 Sept 2019
Income (loss) from continuing operations		\$	\$
Revenue from continuing operations	6	2,800	-
Direct costs		-	-
Net income (loss) from continuing operations		2,800	-
Income (loss) from investments			
Interest revenue		15,723	22,783
Dividends received		-	-
Financial assets at fair value through profit and loss		(204,130)	575,897
Asset impairments		0	-
Other gains and losses		(6,955)	-
Income (loss) from investments		(195,362)	598,680
Net income (loss)		(192,562)	598,680
Operating expenses			
AFSL ¹ support		9,000	(9,247)
Director related costs	4	120,000	(121,442)
Insurance and professional fees		116,652	(142,957)
Listing and share registry fees		14,749	(33,944)
Travel expenses		-	(39,595)
Other expenses		11,954	(5,234)
Total operating expenses		272,355	(352,419)
Profit/(loss) before income tax expense		(464,917)	246,261
Income tax expense		-	-
Profit/(loss) after income tax expense		(464,917)	246,261
Other comprehensive income, net of tax		-	-
Comprehensive income (loss)		(464,917)	246,261
		Cents	Cents
Basic and diluted earnings per share**		(0.598)	0.317
Weighted average number of ordinary shares on issue**		77,798,218	77,798,218

*** The comparative weighted average number of ordinary shares and the resultant earnings per share calculations have been adjusted to reflect the 20 for 1 share consolidation completed December 2, 2019.*

¹ AFSL – Australian Financial Services Licence

The accompanying notes are an integral part of these financial statements.

FIRST GROWTH FUNDS LIMITED.*(An Investment and Advisory Group)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019***(Expressed in Australian Dollars)**(Unaudited)*

	Issued capital	Share option reserve	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2019	67,635,788	19,156	(59,561,303)	8,093,641
Loss after income tax expense for the period	-	-	246,261	246,261
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	246,261	246,261
Balance at 30 Sept 2019	67,635,788	19,156	(59,315,042)	8,339,902

	Issued capital	Share option reserve	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2020	67,635,788	-	(58,607,808)	9,027,980
Loss after income tax expense	-	-	(464,917)	(464,917)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	(464,917)	(464,917)
Balance at 30 Sept 2020	67,635,788	-	(59,072,805)	8,563,063

The accompanying notes are an integral part of these financial statements.

FIRST GROWTH FUNDS LIMITED.*(An Investment and Advisory Group)***CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019***(Expressed in Australian Dollars) (Unaudited)*

	Note	Three months ended 30 Sept 2020 \$	30 Sept 2019 \$
CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Profit / (loss) after tax		(464,917)	246,261
Adjustments for non cash items		-	-
Fair value adjustments through profit and loss		204,130	(575,897)
Impairment – loans and intangibles		-	-
Advisory fees settled in shares	5	-	(45,455)
Director - share based payments / (credits)		-	-
<u>Changes in non cash working capital balances</u>			
Decrease / (increase) in receivables		(525)	18,567
Decrease / (increase) in inventories			0
Decrease / (increase) financial assets		(577,354)	1,144,302
Decrease / (increase) in other current assets		(35,973)	(32,956)
Decrease / (increase) in payables		(6,925)	(16,334)
Cash provided by (used in) operating activities		(881,564)	738,488
INVESTING ACTIVITIES			
Intangible asset proceeds		-	100,869
Net cash from subsidiary acquisition		-	-
Cash provided by (used in) investing activities		-	100,869
Increase / (decrease) in cash		(881,564)	839,397
Cash, beginning		4,349,767	2,255,897
Cash closing		3,468,203	3,095,294
SUPPLEMENTAL DISCLOSURES:			
Cash paid for interest		-	-
Cash paid for income taxes		-	-
NON CASH TRANSACTION INFORMATION:			
Director - share based payments		-	-
Advisory fees settled in shares	5	-	45,455
Trade receivable – share based settlement		-	33,675

The accompanying notes are an integral part of these financial statements.

FIRST GROWTH FUNDS LIMITED.

(An Investment and Advisory Group)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

(Expressed in Australian Dollars) (Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Parent Entity, First Growth Funds Limited is incorporated under the Laws of Australia, specifically the Corporations Act 2001. The registered office of First Growth Funds Limited is located at Level 14 440 Collins St Melbourne, Victoria, 3000, Australia and its principal place of business is located at Level 5 56 Pitt Street Sydney, New South Wales, 2000, Australia. The Parent Entity's shares are listed on the Canadian Securities Exchange (CSE:FGFL).

The Consolidated Entity comprises First Growth Funds as the parent and two wholly owned controlled entities:

- ICO-AN Pty Ltd (incorporated in Australia 17 November 2017)
- First Growth Advisory Pty Ltd (incorporated in Australia 8 December 2018)

The Consolidated Entity may also be referred to as the "Group" and the Parent Entity may also be referred to as the "Company".

The Group's principal business activities are to provide advisory services to both listed and private unlisted companies and to manage a diversified portfolio of different assets and classes including large and small cap listed equities, private equity and pre-IPO investments, convertible notes, loans and cryptocurrencies investments..

2. BASIS OF PRESENTATION

i. Statement of compliance

These financial statements are prepared in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These financial statements should be read in conjunction with the Group's financial statements for the year ended June 30, 2020. These financial statements were approved for issue by the Board of Directors on November 30, 2020.

ii. Measurement basis

The financial statements have been prepared on the historical cost basis except for the following:

- Financial assets and financial liabilities which are initially recognised at their fair values and subsequently measured at their respective fair values; and
- Inventories are valued at the lower of their cost and the net realisable value.

These financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional and presentation currency of the Group is the Australian dollar.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The policies applied in these unaudited Condensed Interim Consolidated Financial Statements are based on IFRS issued and outstanding as the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited Condensed Interim Consolidated Financial Statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2020. Any subsequent changes to IFRS that are given effect in the Group's annual financial statements for the year ending June 30, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

FIRST GROWTH FUNDS LIMITED.*(An Investment and Advisory Group)***NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019***(Expressed in Australian Dollars) (Unaudited)***4. RELATED PARTY TRANSACTIONS AND BALANCES**

The Company has identified its directors and senior officers as its key management personnel. The following table provides the total amount of related party transactions and balances.

Transactions**	Three months ended	
	30 Sept 2020 \$	30 Sept 2019 \$
Director fees (Parent)***		
Anoosh Manzoori	60,000	60,000
Geoff Barnes	15,000	15,000
Michael Clarke	15,000	15,000
Athan Lekkas	15,000	15,000
Other – GST	-	1,442
Other director fees (wholly owned subsidiaries)	15,000	15,000
	120,000	121,442
Advisory - Dalext Pty Ltd. ⁽²⁾	22,500	22,500

** Director fees and Director related advisory fees are included in the Consolidated Statements of Comprehensive Income (Loss) included under the respective headings of Director Related Costs and Insurance and Professional fees.

*** Director fees are paid to director-controlled entities

No post-employment benefits, other long-terms benefits and termination benefits were made during the three months ended September 30, 2020 and 2019.

Balances	30 Sept 2020 \$	30 June 2020 \$
Accounts Payable		
Polygon Fund Pty Ltd. ⁽¹⁾	20,000	20,000

⁽¹⁾ Polygon Funds Pty Ltd a company controlled by Anoosh Manzoori, a director FGF

⁽²⁾ Dalext Pty Ltd. is a company controlled by Athan Lekkas, a director FGF.

5. DIRECTOR EQUITY HOLDINGS

Ordinary shares held by directors

Name**	Opening balance	Movements	Balance as at 30 Sept 2020	Balance in escrow***
Geoff Barnes	6,400,000	-	6,400,000	5,760,000
Michael Clarke	751,516	-	751,516	676,364
Athan Lekkas	2,037,274	-	2,037,274	1,833,546
Anoosh Manzoori	4,846,756	-	4,846,756	4,362,050
	14,035,546		14,035,546	12,631,960

** Balances held by directors and/or director-controlled entities.

*** The director holdings became subject to an Escrow Agreement upon the shares being listed on the Canadian Securities Exchange

The directors do not hold any options.

FIRST GROWTH FUNDS LIMITED.*(An Investment and Advisory Group)***NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019***(Expressed in Australian Dollars) (Unaudited)*

6. NET INCOME (LOSS) FROM CONTINUING OPERATIONS

	Three months ended	
	30 Sept 2020	30 Sept 2019
	\$	\$
Advisory / Commission income	-	-
Digital currency sales (inventories)	-	-
Other	2,800	-
	<hr/>	<hr/>
Income from continuing operations	-	-
Direct costs	-	-
Net income (Loss) from continuing operations	2,800	-
	<hr/>	<hr/>

7. TRADE AND OTHER RECEIVABLES

	30 Sept 2020	30 June 2020
	\$	\$
Trade receivables	-	-
Loss allowance for trade receivables	-	-
Loans receivable (i)	-	226,022
Impairment allowance for loan receivable	-	(226,022)
GST receivable	13,229	12,704
	<hr/>	<hr/>
	13,229	12,704
	<hr/>	<hr/>

- i. On 1 March 2019 the Group entered into a short-term arrangement with Australian Nutrition and Sports Limited. Australian Nutrition and Sports Limited, appointed an Administrator in March 2020 and in May 2020 entered a Deed of Company Arrangement with creditors. This loan has been fully impaired.

8. INVENTORIES

	30 Sept 2020	30 June 2020
	\$	\$
Cryptocurrencies held for sale	736,181	736,181
Provision for impairment	(688,981)	(688,981)
	<hr/>	<hr/>
	47,200	47,200
	<hr/>	<hr/>

Cryptocurrency holdings

As at 30 September 2020, the Group held:

- 907,730,000 (30 June 2020: 907,730,000) Sovereign Cash Tokens (SOV) tokens. The carrying value of the SOV tokens is \$Nil (30 June 2020: Nil).
- 255.5 Ethereum ("ETH") tokens. The carrying value of the ETH tokens is \$47,200 (30 June 2020: \$47,200).

Accounting policies for inventories

Inventories are measured at the lower of cost and net realisable value. Cryptocurrencies are

FIRST GROWTH FUNDS LIMITED.*(An Investment and Advisory Group)***NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019***(Expressed in Australian Dollars) (Unaudited)*

recognised as inventories where they are held for sale in the ordinary course of business in accordance with guidance provided by the International Financial Reporting Interpretations Committee ('IFRIC') during June 2019.

9. FINANCIAL ASSETS

	30 Sept 2020 \$	30 June 2020 \$
CURRENT		
Listed equity securities at fair value through profit and loss	3,680,251	3,126,095
Total	3,680,251	3,126,095
NON-CURRENT		
Unlisted equity securities at fair value through profit and loss	926,610	864,816
Unlisted convertible notes at amortised costs	501,025	743,751
Total	1,427,635	1,608,567

10. SHARE CAPITAL**(a) Authorized Share Capital**

Effective July 1 1998, the Australian Corporations Law abolished the concept of authorized capital and par value in relation to Share Capital.

(b) Issued and Outstanding Ordinary Shares

	Number of Ordinary Shares	Amount \$
Balance, July 1, 2020	77,798,218	67,635,788
Movements during the period	Nil	Nil
Balance, September 30, 2020	77,798,218	67,635,788

(c) Share Options

	Number of Options on issue
Balance, July 1, 2020	Nil
Movements during the period	
Advisor options granted	1,000,000
Balance, September 30, 2020	1,000,000

FIRST GROWTH FUNDS LIMITED.

(An Investment and Advisory Group)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

(Expressed in Australian Dollars) (Unaudited)

The options granted during the period form part of the consideration for services rendered under investor relations and corporate advisory consulting arrangements. Each option carries the right to acquire one fully paid ordinary share. The terms attached to the options are set out below:

	Tranche 1	Tranche 2
Grant date	August 4 2020	August 6 2020
Number granted	500,000	500,000
Exercise price (Canadian dollars)	\$0.28	\$0.28
Expiry date	August 4 2021	August 6 2021

The options are yet to be valued.

(d) Shares held in escrow

Refer to Note 5.

11. INCOME TAXES

Future tax benefits which may arise as a result of these non-capital losses and other income tax pools have not been recognized in these financial statements and have been offset by a valuation allowance.

No deferred income tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

12. MANAGEMENT OF CAPITAL

The objective when managing capital is to safeguard the assets. The Group is not subject to any externally imposed capital requirements.

As at September 30, 2020, the Group capital resources include all the components of shareholders' equity. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Parent Entity may attempt to issue Ordinary Shares.

13. COMMITMENTS

Nil.

14. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Group's activities expose it to a number of financial risks, including market risk, credit risk and liquidity risk. The Group's management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group, 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 Group identifies and evaluates mitigation activities for risk and to develop policy for risk management across all Group operations pursuant to written risk management principles approved by the Board.

Market risk

Market risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

FIRST GROWTH FUNDS LIMITED.

(An Investment and Advisory Group)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

(Expressed in Australian Dollars) (Unaudited)

Market risk comprises three types of risk:

- Currency risk
- Price risk
- Interest rate risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments would fluctuate due to changes in foreign exchange rates. The Group is not exposed to any significant foreign currency risk.

Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and are classified in the balance sheet as listed and unlisted equities at fair value through profit or loss. Based on this exposure, had the share prices increased or decreased by 10% (2019: 10%) the impact on the Group's loss before tax and net assets would have been:

30 Sept 2020	Increase 10%		Decrease 10%	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Listed securities	368,025	368,025	(368,025)	(368,025)

30 June 2020	Increase 10%		Decrease 10%	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
Listed securities	312,625	312,625	(312,625)	(312,625)

Interest rate risk

Interest rate risk arises from the Group's interest-bearing financial assets and liabilities. The Group carries cash balances with major Australian Banks which are exposed to variable interest rates. The major Australian Banks all have Standard & Poor's credit ratings of AA-. The Australian Reserve Bank cash rate is less than 1%, accordingly the impact of a 10% movement in interest rates is deemed immaterial. The Group does not currently carry financial liabilities with variable interest rates.

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 maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

The Group has a total credit risk exposure of \$501.025 (2020: \$743,751) on its convertible notes invested with various parties at reporting date.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

FIRST GROWTH FUNDS LIMITED.*(An Investment and Advisory Group)***NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019***(Expressed in Australian Dollars) (Unaudited)**Liquidity risk*

Liquidity risk is the risk that the Group'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 Group's predominant exposure to liquidity risk is through investments in overseas start-up businesses which can experience significant volatility whilst in their infancy.

Remaining contractual maturities of financial liabilities

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the amortised cost of discounted cash flows of the financial instruments stated on the statement of financial position:

	<i>1 year or less</i>	<i>Between 1 and 2 years</i>	<i>Between 2 and 5 years</i>	<i>Over 5 years</i>	<i>Remaining contractual maturities</i>
30 Sept 2020	\$	\$	\$	\$	\$
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	120,756	-	-	-	120,756
Total non-derivatives	120,756	-	-	-	120,756
	<i>1 year or less</i>	<i>Between 1 and 2 years</i>	<i>Between 2 and 5 years</i>	<i>Over 5 years</i>	<i>Remaining contractual maturities</i>
30 June 2020	\$	\$	\$	\$	\$
Non-derivatives					
<i>Non-interest bearing</i>					
Trade and other payables	127,681	-	-	-	127,681
Total non-derivatives	127,681	-	-	-	127,681

15. FAIR VALUE MEASUREMENT*Fair value hierarchy*

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 Sept 2020				
Financial assets at fair value through profit or loss				
- Listed securities (i)	1,895,402	-	1,784,849	3,680,251
- Unlisted securities (ii) & (iii)	-	135,813	790,797	926,610
Total	1,895,482	135,813	2,575,646	4,606,861

FIRST GROWTH FUNDS LIMITED.*(An Investment and Advisory Group)***NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019***(Expressed in Australian Dollars) (Unaudited)*

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2020				
Financial assets at fair value through profit or loss				
- Listed securities (i)	1,341,246	-	1,784,849	3,126,095
- Unlisted securities (ii) & (iii)	-	281,536	583,280	864,816
Total	1,341,246	281,536	2,368,129	3,990,911

- (i) Quoted trading prices in active markets are not always available for listed securities. Where there are no observable valuation inputs, investments in listed securities are classified as Level 3 in the fair value hierarchy. To determine the enterprise value as an approximation of fair value of a listed security classified as Level 3, the company applies conservative revenue multiples. As at 30 September 2020, a revenue multiple of 2.5 times reduced by a non-controlling interest discount of approximately 40% was applied to determine the enterprise value of the investee company operating in the payment processing sector.

The fair value of this level 3 investment includes unrealised fair value gains of \$nil recognised through current year profit or loss (30 June 2020: \$739,384). The investee company listed in January 2020 and prior to listing the investment's fair value represented the consideration transferred to acquire an interest in the investment. Since listing the volume of shares traded are considered too low to conclude that an active market existed as at 30 September 2020, therefore an alternative fair value approach was adopted. The table below sets out the potential impact to profit before tax and equity resulting from a 20% increase and 20% decrease in the revenue multiples used to determine the fair value of the level 3 investment in listed securities.

	Increase 20% (to 3 times revenue)		Decrease 20% (to 2 times revenue)	
	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
30 Sept 2020 -Listed securities	356,970	356,970	(356,970)	(356,970)
30 June 2020 -Listed securities	356,970	356,970	(356,970)	(356,970)

- (i) Investments in unlisted securities valued at fair value and classified as Level 2 within the fair value hierarchy relate to unlisted options issued by listed entities. The fair value for the options is pegged to the trading prices for the related listed securities.
- (ii) Investments in unlisted securities valued at fair value and classified as Level 3 within the fair value hierarchy. The directors have considered the available information regarding these investments and believe it is currently appropriate to recognise a fair value of \$926,610 (30 June 2020: \$864,816) based on the consideration paid on acquisition.

16. SUBSEQUENT EVENT(S)

The Company holds a 14.4% equity interest SQID Technologies Limited carried at \$1,784,849 (CSE:SQID)

On November 23, 2020 SQID issued a news release as follows:

"The Company is a payment processor for online debit and credit card payment. The standards for payment processing are established by the Payment Card Industry Data Security Standard ("PCI"). PCI is an information security standard for organizations that handle credit cards from the major card schemes (Visa and MasterCard) and must ensure a high level of integrity and compliance of its payment processing at all times to appropriately manage its risk. Senior management of the Company changed early this year and as a result of a review by the new management the Company has advised its customers that changes were required to meet the required level of PCI compliance. We could not obtain this from a large group of customers representing about 94% of the Company's

FIRST GROWTH FUNDS LIMITED.

(An Investment and Advisory Group)

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

(Expressed in Australian Dollars) (Unaudited)

operations. Regrettably the Company is unable to continue to provide service to these customers. The loss of these customers will have a material impact on revenue and earnings in the short to medium term. The Company will undertake a restructure of its team and downsize its overheads to manage costs. The Company has an established and highly scalable payment platform that does not require ongoing development or R&D to maintain. With further efforts into sales and marketing the Company aims to recover the revenue and earnings profile in the short to medium term. Sqid has a strong balance sheet of \$3M cash, no debt and a good sales pipeline, and is actively reviewing a number of acquisition opportunities to complement its payments software and intellectual property"

Given the above, the Company is reassessing the long term value of its SQID holding and in the interim will also be guided by SQID share trading price levels.

No other matters or circumstances have arisen since the end of the reporting period that have significantly affected or may have a significant effect on the financial operations of, the financial performance of those operations, or the financial position of, the Group, in the subsequent reporting period.