

ASX ANNOUNCEMENT

30 October 2015



DigitalCCLimited

Innovative Digital Currency Solutions

Digital CC Limited ABN 59 009 575 035

ASX Code: DCC

Trading as Digital X

Level 7 1008 Hay Street Perth WA 6000

PO Box 7209 Cloisters Square Perth WA 6850

T: +61 8 9389 2000 F: +61 8 9389 2099

www.digitalx.com

September 2015 Quarterly Report

Significant Progress towards Roll Out and Commercialisation of AirPocket

Highlights

- Significant progress towards the development of AirPocket, the Company's new innovative global remittance product
- Successfully completed two phases of internal testing with leading independent U.S. security firm Security Innovation
- Testing demonstrated outstanding results with the ability to handle substantial load of up to one million transactions per day and an ability to withstand cyberattacks and failures
- Money transmitter services in the U.S. secured through an agreement with U.S. based payments company, CoinX significantly accelerates the development and commercialisation of the product by up to two years
- Public beta launch of AirPocket with remittances now being sent from the U.S. to Dominican Republic via the AirPocket App - representing a key milestone for the Company as the application goes live in a public environment
- Positive initial results from the public beta testing and a wider beta testing phase to commence in November 2015 with up to 1,000 users

Fintech company Digital CC Limited (trading as Digital X, soon to be renamed Digital X Ltd, ASX:DCC and the "Company") today announces its quarterly report for the quarter ended 30 September 2015.

This quarter the Company made significant progress towards the development of a new innovative technology product, AirPocket culminating in the public beta launch on 29 September 2015.

Operational Overview

AirPocket

The Company has made significant progress towards the development and implementation of AirPocket. AirPocket is positioned as a peer-to-peer solution for the remittance market and has the ability to enable cash to be transferred anywhere in the world by anyone.

During the quarter the Company successfully completed two phases of internal security and stress testing with leading U.S. security firm Security Innovation. The testing demonstrated outstanding results and confirmed the infrastructure's ability to handle substantial load of up to 12 transactions per second and over one million per day, enabling for rapid scalability of the application.

During the testing phases with Security Innovation particular consideration was placed on the application's ability to withstand failures and disasters with no high-risk vulnerabilities identified.

Upon completion it was established that AirPocket has in place current best practices and a robust system, meaning it has a low surface of vulnerability, which is far less likely to come under attack.

Importantly during the quarter the Company secured money transmitter services in the U.S. through an agreement with U.S. based payments company, CoinX. The agreement validates the AirPocket product and significantly accelerates the development and commercialisation of the product by up to two years by leveraging an already established and licensed banking relationship. CoinX is an established fintech company with access to licenses in 40 U.S. States, enabling AirPocket to remit funds widely.

The completion of the security testing and securing money transmitter licenses culminated in the public beta launch of AirPocket with remittances now being sent from the U.S. to Dominican Republic via the application. This first phase of public beta is now complete and feedback from users was overwhelmingly positive. Second stage beta testing will expand to a larger number of users (up to 1,000) and is due to commence in November 2015. Testing will continue with iOS and will be expanded to Android.

Digital X Direct

Digital X Direct business continued to perform well during the quarter with revenues of \$5.3 million (unaudited) from Q3 2015. The number of customers using Digital X Direct increased over 20% during this period against the previous quarter. Digital X Direct revenue has been driven by adding low risk, high volume clients to the platform.

Digital X Direct's development team has completed the build of an internal dashboard to streamline the management of our hedging operations and to increase efficiencies and to optimise profitability.

Technical improvements have been made to the platform's hedging algorithm for broader market making operations to further increase trading profits.

During Q4, Digital X Direct is focused on further optimising its algorithmic hedging and market making operations and to begin public promotion of our API for integrating our liquidity platform into 3rd party applications.

Development is underway to publishing public code repositories in various languages including python, java script and C# for interacting with the Digital X Direct API.

Corporate Overview

Summary of Working Capital Position

The Company had cash and Bitcoin inventory of US\$3.0 million at 30 September 2015. This consisted of US\$2.3 million in cash and US\$0.7 million in Bitcoins.

The Bitcoin market is highly liquid and Bitcoins can be easily and quickly exchanged into cash if and when required.

Outlook

The Company has made significant progress during the quarter to becoming a leading provider of innovative fintech solutions using blockchain technology. It reached a milestone upon the public beta launch of AirPocket at the end of the quarter, which has received extremely positive feedback from users to date.

The application has undergone minor optimisations post review of the first stage beta testing and is now progressing to a second phase public beta with a significantly larger number of users. Full completion of public beta is expected during Q1 2016.

The Company is currently on track to secure its first major strategic partnership in the Latin American market by end of this quarter to fast track the commercial rollout of AirPocket.

The Company is also developing the Android version of the application, which is due to be completed by December 2015. The launch of the Android version will expand the market opportunity for the application, which will become available to download on the two leading operating systems worldwide, iOS and Android, which together account for over 96% of the smartphone market.

AirPocket's full public launch is scheduled to commence in Q2 2016, for which the Company will launch a marketing and promotional campaign to drive user acquisition. Further information will be provided to the market in due course.

Digital X's Executive Chairman, Zhenya Tsvetnenko, commented:

"This has been a busy quarter for the Company and we've reached a key milestone with the public beta launch of AirPocket. The testing has achieved positive feedback from users to date and we're looking forward to expanding our public beta testing to a wider number of users in November.

We continue to make optimisations to the application ahead of a public launch, now expected in Q2 2016. Importantly, we have recently advanced negotiations for our first strategic AirPocket partner for the Latin American rollout and are looking forward to announcing this exciting development as soon as it has been completed."

For further information, please contact:

Digital X

Zhenya Tsvetnenko
Executive Chairman
Tel: +61 8 9389 2000

Alex Karis
Chief Executive Officer
Tel: +1 (617) 544-3150 (x) 1010

About Digital X

Digital X operates as an innovative software solutions company, providing investors exposure to the global digital payments systems industry through disruptive fintech solutions in the remittance and digital currency sectors.

The Company has developed a suite of new and innovative software for institutions and consumers, leveraging Blockchain technology and the secure ledger system to create new and innovative products for institutions and consumers.

The Company's core product, AirPocket, is designed to provide consumers with the ability to securely and cost-effectively send remittances in any currency, from anywhere, anytime, regardless of the transaction size.

Digital X is based in Perth, Australia and has offices in Boston and New Jersey, U.S.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Digital CC Limited

ABN

59 009 575 035

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter US\$'000	Year to date (3 months) US\$'000
1.1 Receipts from customers	8,642	8,642
1.2 Payments for		
(a) staff costs	(483)	(483)
(b) advertising and marketing	(22)	(22)
(c) research and development	-	-
(d) leased assets	-	-
(e) administrative and corporate costs	(145)	(145)
(f) professional fees	(322)	(322)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
(a) Prepayment of power and hosting**	-	-
(b) Power and hosting of bitcoin mining equipment	(674)	(674)
(c) Purchase of bitcoins for Liquidity Desk	(7,103)	(7,103)
(d) Receipt of US Marshall deposit	-	-
(e) Receipt of lease fee for mining hardware	-	-
(f) Receipt of Iceland VAT	-	-
Net operating cash flows	(107)	(107)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter US\$'000	Year to date (3 months) US\$'000
1.8 Net operating cash flows (carried forward)	(107)	(107)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(70)	(70)
(d) physical non-current assets	(1)	(1)
(e) other non-current assets	-	-
(f) mining equipment	-	-
(g) joint venture investment	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
(a) loan to related party	(156)	(156)
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(226)	(226)
1.14 Total operating and investing cash flows	(333)	(333)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (cost of capital)	(21)	(21)
Net financing cash flows	(21)	(21)
Net increase (decrease) in cash held	(354)	(354)
1.21 Cash at beginning of quarter/year to date	2,608	2,608
1.22 Exchange rate adjustments to item 1.20	(5)	(5)
1.23 Cash at end of quarter**	2,248	2,248

*** Does not include value of bitcoin inventory*

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter US\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	250
1.25	Aggregate amount of loans to the parties included in item 1.11	156

1.26 Explanation necessary for an understanding of the transactions

1.24 - Salary, Director fees and reimbursement of corporate costs

1.25 - Short term loan arrangement with a company associated with the Managing Director Mr Alex Karis, on commercial arms length terms, following a change of banking requirements and relationships for Digital X.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available US\$'000	Amount used US\$'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter US\$'000	Previous quarter US\$'000
4.1 Cash on hand and at bank	2,000	2,231
4.2 Deposits at call	248	377
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	2,248	2,608

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
 (Managing Director)

Date: ...30 October 2015.....

Print name: ..Alexander Karis.....

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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