REPORTING PERIOD

Financial Period 30/06/2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	USD$
Revenue from ordinary activities	3,959,558
Loss from ordinary activities after tax attributable to members	11,116,845
Net loss for the period attributable to members	11,116,845

The consolidated loss after tax for the period ended 30 June 2014 was US$11,116,845. The loss is impacted mainly by the non-cash accounting expense for the acquisition of Digital CC Holdings Pty Ltd (**Digital CC Holdings** or **digitalBTC**) of US$10,918,065. Refer to note 18 of the preliminary final report for an explanation of the accounting treatment for the acquisition.

Underlying Bitcoin mining and trading business performance for the period 28 January 2014 to 30 June 2014:

		USD$
Earnings before interest tax depreciation and amortisation	EBITDA	2,527,929
Net Profit After Tax	NPAT	589,212

For a reconciliation to the statutory result refer to Segment Note 4 to the Preliminary Final Report.

The Directors of Digital CC Limited are pleased with the underlying performance of the Bitcoin mining and trading business considering significant time and expense was incurred with the merger of Digital CC Holdings and Digital CC Limited during the period.

Dividends paid or recommended

No dividends have been paid or declared for payment during the financial year.

Net tangible asset per ordinary share

2014 US cents/share
6.4

Audit Status

This report is based on Unaudited Financial Statements which are currently in the process of being audited.

Entities over which control has been lost during the period

N/A

Entities over which control has been gained during the period

On 6 June 2014, the Company completed the acquisition of Digital CC Holdings which has been accounted for by analogy to reverse acquisition accounting. Digital CC Holdings conducts the businesses of Bitcoin mining, provision of Bitcoin liquidity through its trading operations, and the development of consumer based products including a digital wallet.

Associates and joint venture entities

N/A

Operating results

The consolidated loss for the group after providing for income tax amounted to US$11,116,845.

Commentary on the results for the period

The statutory accounting result for the period is a net loss after tax of US$11,116,845, primarily driven by significant non-cash one-off reverse takeover related expense of US$10,918,065.

The underlying digital currency business, as detailed in the "Bitcoin mining and trading operations" segment report (refer to Note 4 to the Preliminary Final Report) has delivered strong performance over only 3.5 months of significant operations, with revenue of US$4.0 million and an underlying Net Profit After Tax (NPAT) of approximately US$0.6 million. The Company believes the results of this segment are indicative of the Company's future results, with reverse takeover and one-off transaction costs not being repeated.

Bitcoin Mining is currently the principal revenue and earnings generator for the business, representing the majority of the "Bitcoin mining and trading operations" segment result.

As at 30 June 2014 the Company had invested US$4 million in mining hardware, with the investment achieving pay-back of both capital and operational costs within 4 months in July 2014. Post year end, the Company invested further into Bitcoin mining activities with the purchase of $1.3 million of additional equipment, as well as seeking to liquidate older generation hardware to re-invest those proceeds into newer generation hardware which is faster and more power efficient.

digitalBTC continually evaluates the option to either operate the Bitcoin mining equipment to earn new bitcoins, or to seek additional attractive returns from liquidation of the Bitcoin mining hardware prior to the end of its useful life.

The liquidity desk operations are steadily growing, providing bitcoins to partners with a need for readily available bulk quantities of bitcoin. Liquidity activities through trusted partners using strategies such as brokering (buying and selling) and lending continue to generate good returns. digitalBTC's capital and coins are allocated to the most compelling opportunities, which are assessed in real time on a risk reward basis. In line with the pursuit of opportunities to provide liquidity for commercial bitcoin enterprises, digitalBTC has now significantly expanded its strategic partners and volume into the new Financial Year.

Consumer software applications are currently under development and digitalBTC is focusing on both security and an “easy to use” approach for the applications, capitalising on the rapidly increasing demand for user friendly digital currency applications as they continue to grow. Only when both security and ease of use can be offered to consumers in one product, will Bitcoin reach its maximum mainstream adoption rate. In this respect, digitalBTC continues its R&D on a number of innovative methods to tie together the security and ease of use within one product. Software development has significantly stepped up post the end of the Financial Year, with a pre-enrolment launch expected shortly. The Company intends to launch a product beta in early 2015.

The Bitcoin mining and trading business of digitalBTC was acquired on 6 June 2014, after having been previously announced to the ASX on 13 March 2014. A substantial rise in the Company’s share price occurred post the announcement on 13 March 2014. This has the effect of creating a substantial increase in the non-cash accounting expense of the acquisition, which was required to be expensed, producing a non-cash accounting related charge of approximately $US11 million. Significant additional one off transaction related costs were also incurred, bringing the total accounting losses outside the "Bitcoin mining and trading operations" segment to US$11,706,057.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

		CONSOLIDATED GROUP
	Note	30-Jun-14 USD$
Revenue from bitcoins mined		3,959,558
Net fair value gain on bitcoin inventory held for trading		393,297
Other income	5	56,480
Bitcoin mining pool fees		(61,562)
Loss on sale of bitcoin mining contract		(34,094)
Power and hosting expenses		(416,500)
Professional and consultancy fees	6	(786,340)
Corporate cost expense		(70,631)
Interest expense		(69,830)
Employee benefit expenses		(520,923)
Share based payments – employee benefits		(7,612)
Inventory write-down	7	(233,435)
Depreciation	13	(1,831,129)
Amortisation		(1,900)
Realised and unrealised foreign exchange losses		(107,178)
Corporate transaction accounting expense	18	(10,918,065)
Other expenses	8	(431,034)
Loss before tax		**(11,080,898)**
Income tax expense	9	(35,947)
Loss after income tax from continuing operations		**(11,116,845)**
LOSS FOR THE PERIOD		**(11,116,845)**
Total comprehensive loss for the period		
Total comprehensive loss attributable to:		
Members of the parent entity		**(11,116,845)**
Earnings per share for loss attributable to the ordinary equity holders of the parent:		
From continuing and discontinued operations		
Basic loss per share (cents)		0.066
Diluted loss per share (cents)		0.066

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		CONSOLIDATED GROUP
		30-Jun-14
	Note	USD$
CURRENT ASSETS		
Cash and cash equivalents		4,574,582
Trade and other receivables	10	2,154,976
Prepayments	11	176,325
Bitcoins	12	2,324,438
Bitcoin mining hardware	13	2,302,295
Total Current Assets		**11,532,616**
NON-CURRENT ASSETS		
Property, plant and equipment		5,152
Intangible assets		31,100
Total Non-Current Assets		**36,252**
TOTAL ASSETS		**11,568,868**
CURRENT LIABILITIES		
Trade and other payables	14	437,587
Current tax payable	9	35,947
Accrued expenses		227,854
Restoration provisions	15	103,981
Total Current Liabilities		**805,369**
NON-CURRENT LIABILITIES		
Total Non-Current Liabilities		**-**
TOTAL LIABILITIES		**805,369**
NET ASSETS		**10,763,499**
EQUITY		
Issued capital	16	18,404,582
Reserves	17	3,475,762
Accumulated losses		(11,116,845)
TOTAL EQUITY		**10,763,499**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

		CONSOLIDATED GROUP
	Note	30-Jun-14 USD$
Cash flows from operating activities	19	
Proceeds from sale of bitcoins		2,022,144
Payments for power and hosting		(504,000)
Acquisition of bitcoin mining contract		(80,000)
Proceeds on sale of bitcoin mining contract		45,687
Proceeds on sale of bitcoin mining hardware		32,000
Interest paid		(69,830)
Payments to suppliers and employees		(1,176,736)
Net cash provided by operating activities		**280,084**
Cash flows from investing activities		
Payment for intellectual property		(33,000)
Interest received		9,037
Acquisition of property, plant and equipment		(4,136,172)
Cash acquired through business combinations	18	727,445
Payment for security deposit		(600,000)
Payment for Value Added Tax in Iceland		(1,082,857)
Net cash used in investing activities		**(5,842,992)**
Cash flows from financing activities		
Proceeds from issue of equity securities		7,197,853
Receipt of shareholder loans (net)		1,238,227
Payments for share issue costs		(237,087)
Loan from Macro Energy Limited prior to acquisition		1,895,229
Net cash provided by financing activities		**10,094,221**
Net increase in cash and cash equivalents held		**4,531,314**
Cash and cash equivalents at beginning of year		-
Foreign exchange movement in cash		43,268
Cash and cash equivalents at end of year		**4,574,582**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Group	Contributed Equity $	Option Premium and Share Based Payment Reserve $	Retained Earnings $	Total $
Balance at 28 January 2014	**300,000**	**-**	**-**	**300,000**
Total comprehensive loss attributable to members of parent entity	-	-	(11,116,845)	(11,116,845)
Shares issued during the year	18,828,129	-	-	18,828,129
Share issue costs	(723,547)	-	-	(723,547)
Share options and performance rights issued	-	3,475,762	-	3,475,762
Balance at 30 June 2014 (note 23)	**18,404,582**	**3,475,762**	**(11,116,845)**	**10,763,499**

The accompanying notes form part of these financial statements

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE PERIOD END 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the preliminary final report of the Company, Digital CC Limited and its consolidated entities (Consolidated Entity or Group) for the period ended 30 June 2014 are stated to assist in a general understanding of the financial report. For the purposes of preparing the preliminary final report, the Company is a for-profit entity.

Digital CC Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASs) and interpretations adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. All amounts are presented in United States dollars, unless otherwise noted.

On 28 January 2014, Digital CC Holdings Pty Ltd (Digital CC Holdings) was incorporated in Australia as the parent company of the Digital CC group of companies which were predominantly incorporated in January 2014. The reporting period for the preliminary final report is from 28 January 2014 to 30 June 2014

On 6 June 2014, Digital CC Limited (Digital CC (formerly Macro Energy Limited)) completed the acquisition of Digital CC Holdings (the Acquisition). The Acquisition has been accounted for by analogy to the guidance for reverse acquisitions in AASB 3 *Business Combinations* because, as a result of the Acquisition, the former shareholders of Digital CC Holdings (the legal subsidiary) obtained accounting control of Digital CC (the legal parent). Accordingly the application of the reverse acquisition guidance in AASB 3 by analogy results in Digital CC, the legal parent, being accounted for as the subsidiary, and Digital CC Holdings, the legal subsidiary, being accounted for as the accounting parent.

The Acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as Digital CC was deemed for accounting purposes not to be a business as Digital CC was in the process of realising its remaining assets. Therefore, the transaction is not a business combination within the scope of AASB 3. Instead the acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 102 that any difference in the fair value of the shares issued by the accounting acquirer (Digital CC Holdings) and the fair value of the accounting acquiree's (Digital CC (formerly Macro Energy Limited) identifiable net assets represents a service received by Digital CC Holdings, including payment for a service of an ASX stock exchange listing. The accounting for the Acquisition resulted in an expense recognised on acquisition of $10,918,065 as set out in Note 18.

As Digital CC Holdings is considered to be the parent of the Group the consolidated financial statements represent the continuation of the financial statements of Digital CC Holdings from its incorporation in January 2014 with the exception of the capital structure. The amount recognised as issued equity instruments in these consolidated financial statements represents the issued equity interests of Digital CC adjusted to reflect the equity issued by Digital CC. Refer to Note 16 for information on issued capital and Note 18 for information on the accounting for the Acquisition.

As Digital CC Holdings was only incorporated in January 2014 no comparative financial information is presented in these consolidated financial statements.

b) Compliance with IFRS

The Consolidated Preliminary Final Report of the Digital CC Limited group also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

c) Historical cost convention

The Consolidated Preliminary Final Report has been prepared under the historical cost convention, except for bitcoin holdings inventory that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Cost is based on the fair values of the consideration given in exchange for assets.

d) Principles of consolidation

The Consolidated Preliminary Final Report incorporate the assets and liabilities of all subsidiaries of Digital CC Limited (Company or Parent Entity) as at period end and the results of all subsidiaries for the period then ended. Digital CC Limited and its subsidiaries together are referred to as the Group or the Consolidated Entity.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

e) Foreign currency

i) Presentation currency

The Preliminary Final Report is presented in United States dollars.

ii) Functional currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United States dollars ('USD$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements. For all entities in the Group the functional currency has been determined to be USD$. Digital CC changed its functional currency from Australian dollars to United States dollars on the date of its acquisition by Digital CC Holdings due to the change in nature of its business activities from oil and gas exploration to bitcoin mining and trading activities.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

- Bitcoin Mining
  Revenue earned from Bitcoin processing activities, commonly termed 'mining' activities is recognised at the fair value of the Bitcoins received as consideration on the date of actual receipt, fair value being measured using the mid-day price of the Bitfinex exchange on the date of receipt. Refer to Note 2(a) for further discussion about the Group's revenue recognition policy for Bitcoin mining activities.

- Interest revenue
  Interest income is recognised on a time proportion basis that takes into account the effective yield on the financial asset.

g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income or tax loss based on the applicable income tax rate for each jurisdiction.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The Company and its wholly-owned Australian tax resident entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax-consolidated group is Digital CC Limited. Digital CC Holdings joined the Digital CC limited tax consolidation group on 26 May 2014.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial reports of the members of the tax-consolidated group using the 'separate taxpayer within group' approach, by reference to the carrying amounts in the separate financial reports of each entity and the tax values applying under tax consolidation. Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the wholly-owned entities are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. The head entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised.

Refer to Note 2(e)(ii) for discussion of key estimation uncertainties in respect of current and deferred income taxes.

h) Segment reporting

AASB 8 requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Board. The Board as a whole will make strategic decisions on the direction and activities of the Group.

i) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held with bitcoin exchanges, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents do not include the Group’s holdings of Bitcoins which are classified as Bitcoin inventory (refer to Note 1(k) below).

j) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.
Plant and equipment are depreciated or amortised on a reducing balance or straight line basis at rates based upon their expected useful lives as follows:

- Bitcoin mining computer equipment – diminishing value at 25% per month
- Computer equipment – 3 years

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives. The estimated residual value of plant and equipment has been assessed to be zero. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

Depreciation rate and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a "prospective" basis.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with carrying amount.

Refer to Note 2(e)(i) for a discussion of the estimation uncertainty in respect of the determination of the appropriate method of depreciation, the underlying useful life and the estimation of residual values in respect of Bitcoin computer mining hardware.

k) Bitcoin inventory

Bitcoin is an open-source software-based online payment system where payments are recorded in a public ledger using its own unit of account called a bitcoin. The Group is a broker-trader of bitcoin as it buys and sells bitcoins principally with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. The Group measures bitcoin inventory at its fair value less costs to sell, with any change in fair value less costs to sell being recognised in profit or loss in the period of the change. Bitcoins are derecognised when the Group has transferred substantially all the risks and rewards of ownership. As a result of the Bitcoin protocol costs to sell of Bitcoin inventories are immaterial in the current period and no allowance is made for such costs.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Bitcoin inventory fair value measurement is a Level 1 fair value as it is based on a quoted (unadjusted) market price (Bitfinex exchange) in active markets for identical assets.

Bitcoin inventory is derecognised when the Group disposes of the inventory through its trading activities or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the Bitcoin inventory.

Refer to Note 2(b) and (c) for further discussion of the Group's accounting policy in respect of Bitcoin inventory valuation and the judgement made in determining that such inventories are carried as commodity broker-trader inventory.

l) Trade and other receivables

Trade and other receivables are normally with terms of 30-90 days, and are recognised initially at fair value. There is an ongoing review as to the collectability of trade receivables, with debts known to be uncollectible written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the group will not be able to collect the debt.

Trade and other receivables are assessed for indicators of impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

n) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

o) Employee benefits

Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

p) Goods and services or Value Added Tax

Revenues, expenses and assets are recognised net of the amount of associated GST or VAT, except:

- where the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST or VAT.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

q) Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit/(loss) after tax attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

r) Share based payments

Employees and consultants of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

NOTE 2: CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in developing and applying accounting policies
The following are the critical judgements, apart from those involving estimations (see Note 2(e) below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Revenue from Bitcoin Mining
The Group generates revenue by providing computer processing activities for bitcoin generation and transaction processing services on the public ledger system known as the Bitcoin Blockchain. In the crypto-currency industry such activity is generally referred to as Bitcoin mining. The Group receives consideration for providing such Bitcoin mining activities in the form of Bitcoins. The Group has determined that the substance of its Bitcoin mining activities is service provision under the scope of AASB 118 *Revenue* notwithstanding that there is no contractual arrangement under which it provides such services as the services are provided instead through open source software being the Bitcoin protocol. Furthermore, the nature of the Bitcoin protocol is such that the Group is unable to determine in advance the consideration that it will receive, if any, for the Bitcoin mining services that it provides and, therefore, the Group is unable to estimate reliably the outcome of its mining activities in advance of actual receipt of consideration in the form of Bitcoins. Because of the uncertainty over both the timing and amount of the consideration that the Group will receive for undertaking mining activities Management has determined that revenue should only be recognised on actual receipt of Bitcoins as consideration for services provided.

Bitcoins received for mining activities are, therefore, recognised as revenue at fair value on the day of receipt in a private wallet controlled by the Group. The fair value of Bitcoins received is determined in accordance with the Group's accounting policy, see Note 2(c) Fair value of Bitcoins below. Bitcoin received are recognised immediately as Bitcoin inventory into the trading book. As revenues from Bitcoin mining activity is measured on an as received basis revenues are neither earned on a constant basis over time, nor necessarily in a direct relationship to computer processing capacity utilised. As a consequence, future generation of Bitcoins and, therefore future revenues, from Bitcoin mining activities may be subject to volatility due to factors outside the Group's control.

(b) Bitcoin inventory

Management considers that the Group's bitcoins are a commodity. As International Financial Reporting Standards do not define the term 'commodity' Management has considered the guidance in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (AASB 108) that allows an entity to consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practice to the extent that these do not conflict with the requirements of the International Financial Reporting Standards and the International Accounting Standards Board *Conceptual Framework.* Under United States Generally Accepted Accounting Principles (US GAAP) as set out in the Master Glossary of the Accounting Standards Codification a commodity has been defined as "products whose units are interchangeable, are traded on an active market where customers are not readily identifiable, and are immediately marketable at quoted prices." Based on this definition and the guidance in AASB 108 Management has, therefore, determined that Bitcoins are a commodity notwithstanding that Bitcoins lack physical substance.

The Group's activities include trading Bitcoins, primarily the buying and selling of Bitcoins and to a lesser extent trading in other Bitcoin trading products and, therefore, subsequent to initial recognition Bitcoin inventory (whether received as consideration for mining activities or acquired through purchase) is held at fair value less costs to sell reflecting the Group's purpose of holding such Bitcoin inventory as a commodity broker-trader in accordance with AASB 102 *Inventories*. As a result of the Bitcoin protocol costs to sell of Bitcoin inventories are immaterial and no allowance is made for such costs. Changes in the amount of Bitcoin inventories based on fair value is included in profit or loss for the period.

Bitcoin inventory is derecognised when the Group disposes of the inventory through its trading activities or when the Group otherwise loses control, and, therefore, access to the economic benefits associated with ownership of the Bitcoin inventory. Inventory losses arising from denial of access to the economic benefits associated with ownership of Bitcoin inventory are recognised as an expense in profit or loss on identification.

(c) Fair value of Bitcoins

Bitcoin inventory measured at fair value using the quoted price in United States dollars on the Bitfinex exchange (www.Bitfinex.com) at midday United States Eastern Standard Time. Management considers this fair value to be a Level 1 input under the AASB 7 *Fair Value Measurement* fair value hierarchy as the price on the Bitfinex exchange represents a quoted price (unadjusted) in an active market for identical assets. Management has selected the Bitfinex exchange as it is a major Bitcoin exchange with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

(d) Normal operating cycle

The Group is in its first year of operations in a newly emerging industry and management do not consider that there is currently a clearly identifiable normal operating cycle for a business of this nature. For the purposes of this Preliminary Final Report the Group has, therefore, presented a classified balance sheet presenting current and non-current assets and liabilities assuming a normal operating cycle of 12 months. The Group will continue to reassess whether this assumption remains appropriate at each reporting date. As set out in Note 1(j) above and Note e(i) below the future economic benefits of the Bitcoin computer mining hardware is expected to be consumed at the rate of 25% per month on a diminishing value basis. A consequence of this basis of depreciation is that Bitcoin computer mining hardware is presented as a current asset in the Statement of Financial Position.

(e) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Property plant and equipment

The Directors have assessed the basis of depreciation of the Bitcoin computer mining hardware at 25% per month on a diminishing value basis.

The Bitcoin computer mining hardware is used to generate Bitcoins (refer to discussion on Revenue from Bitcoin Mining discussed in Note 2(a) above). The rate at which the Group generates Bitcoins and, therefore, consumes the economic benefits of its Bitcoin computer mining hardware is influenced by a number of factors including the following:

- the complexity of the Mining process which is driven by the algorithms contained within the Bitcoin open source software;
- the general availability of appropriate computer processing capacity on a global basis (commonly referred to in the industry as hashing capacity which is measured in Petahash units); and
- technological obsolescence reflecting rapid development in the Bitcoin mining computer hardware industry such that more recently developed hardware is more economically efficient to run in terms of Bitcoins mined as a function of operating costs, primarily power costs i.e. the speed of hardware evolution in the industry is such that later hardware models gen have faster processing capacity combined with lower operating costs and a lower cost of purchase.

Because of both the Group and the industry's relatively short life cycle to date Management has only limited data available to it. Furthermore the data available also includes data derived from the use of economic modelling to forecast future Bitcoin generation and the assumptions included in such forecasts, including Bitcoin price and network difficulty are derived from Management assumptions which are inherently judgemental. Based on current data available to it Management has determined that 25% diminishing value best reflects the current expected useful life of Bitcoin computer mining hardware. Management will review this estimate at each reporting date and will revise such estimates as and when data comes available. Whilst it is currently expected that the Group will dispose by sale of Bitcoin mining hardware at the end of its useful life due to the small volume of such transactions to date the Bitcoin computer mining hardware has been assumed to have no residual value at the end of its useful life. Management will review the appropriateness of its assumption of nil residual value at each reporting date.

As set out in Accounting Policy note 1(j) Management also assess whether there are any indicators of impairment of property, plant and equipment at the end of each reporting period and if any such indication exists, the Group will estimate the recoverable amount of its property, plant and equipment, including the Bitcoin mining computer hardware.

To the extent that any of the assumptions underlying Management's estimate of the useful life of the Bitcoin mining computer hardware are subject to revision in future reporting period either as a result of changes in circumstances or through the availability of better data then in future the rate of depreciation may impacting both the depreciation expense charged to the profit or loss and the carrying value of Bitcoin mining computer hardware in the Statement of Financial Position.

(ii) Taxation

Income taxes
The Group operates in a newly emerging industry and the taxation laws in Australia, the United States and Iceland (the principal countries in which the Group currently operates) in relation to the Group's activities may change from time to time. Changes in the taxation laws or in assessments or decisions in respect of, but not limited to the following, may have a significant impact on the Group's results:

- Jurisdiction in which and rates at which income is taxed;
- Jurisdiction in which and rates at which expenses are deductible;
- The nature of income taxes levied, for example whether taxes are assessed on the revenue account or on the capital account;
- Requirements to file tax returns; and
- The availability of credit for taxes paid in other jurisdictions, for example through the availability of double taxation treaties

In recognition of the limited trading and tax history of the Group, management do not consider there is sufficient evidence of probability the ability to utilise temporary difference and tax losses and hence no deferred tax asset has been recognised as at 30 June 2014 in relation to these assets. The Group will continue to assess the performance and may in future recognise some or all of these assets.

Goods and Sales Taxes
The VAT receivable recorded in the balance sheet (see Note 10) is expected to be refunded by the Icelandic tax authority to the Company within the next 12 months and is therefore recognised as a current asset. Should it be determined after the date of issue of this preliminary financial report that such VAT is not recoverable then in accordance with the accounting policy for non-recoverable VAT in Note 1 (p) above this VAT receivable of $1,082,857 will be capitalised into the cost of Bitcoin mining computer hardware with a consequential impact on the amount of depreciation charged to profit and loss in the future in accordance with our accounting policy for Bitcoin mining computer hardware discussed in Note 1(j) and Note 2(e)(i) above.

(iii) Options and performance rights

Options and performance rights were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility has been estimated utilising the average 2 year close-close volatility of the top ten performing ASX listed technology firms in the last two years with a market capitalisation of less than $100 million. Management have made an assessment of the probability of the EBITDA hurdle being met by 1 July 2015 and 1 July 2016 in relation to the performance rights.

NOTE 3: DIVIDENDS

There are no dividends paid or declared during the period.

NOTE 4: SEGMENT INFORMATION

Segment reporting

Based on the information used for internal reporting purposes by the chief operating decision maker, being the executive management committee that makes strategic decisions, at 30 June 2014 the group operated one reportable segment being the Bitcoin mining and trading operations.

Segment reporting	Bitcoin mining and trading operations $	Unallocated[1] $	Total $
Revenue			
Bitcoin mining revenue	3,959,558	-	3,959,558
Net fair value gain on bitcoins held	393,297	-	393,297
Other income	43,027	13,453	56,480
Total segment income	4,395,822	13,453	4,409,335
Results			
Segment result			
Profit/ (Loss) before income tax	625,159	(11,706,057)	(11,080,898)
Income tax expense	(35,947)	-	(35,947)
Profit / (Loss) after income tax	589,212	(11,706,057)	(11,116,845)
Assets			
Segment assets	11,198,770	370,098	11,568,868
Total assets	11,198,770	370,098	11,568,868
Liabilities			
Segment liabilities	701,338	103,981	805,369
Total liabilities	701,338	103,981	805,369
Other			
Depreciation of segment assets	1,831,040	89	1,831,129
Amortisation of segment assets	1,900	-	1,900
Reconciliation of underlying EBITDA			
Profit after income tax	589,212		
Interest	69,830		
Taxation	35,947		
Depreciation	1,831,040		
Amortisation	1,900		
EBITDA	2,527,929		

[1] Includes corporate and reverse acquisition expenses and the realisation of Macro Energy Limited operations.

NOTE 5: OTHER INCOME

	CONSOLIDATED GROUP 30-Jun-14 $
Interest received	13,661
Sale of Bitcoin mining hardware	42,819
Total other income	**56,480**

NOTE 6: PROFESSIONAL AND CONSULTANCY FEES

	CONSOLIDATED GROUP 30-Jun-14 $
Legal fees	434,713
Consulting fees	210,888
Audit fees	140,739
Total professional and consultancy fees	**786,340**

NOTE 7: INVENTORY IMPAIRMENT

On 28 February 2014, Mt Gox, the online Bitcoin trading exchange filed for bankruptcy protection in Japan. At the time Mt Gox filed for bankruptcy, Digital CC Trading Pty Ltd (wholly owned subsidiary of the Group) held approximately $233,435 of bitcoins with Mt Gox. It is uncertain as to whether Digital CC Trading Pty Ltd will recover those bitcoins in the future and, therefore the inventory has been written down in full.

NOTE 8: OTHER EXPENSES

	CONSOLIDATED GROUP 30-Jun-14 $
Printing and stationary	954
Telephone and communications	3,892
Rent	7,091
Bank charges	2,527
Entertainment	4,483
Travel	133,305
Computer hardware repair	1,745
Other expenses	277,037
Total other expenses	**431,034**

NOTE 9: INCOME TAX RECOGNISED IN PROFIT AND LOSS

	CONSOLIDATED GROUP 30-Jun-14 $
Current tax expense	
Current period – income tax charge / (income)	
Australia	26,686
USA	9,261
Adjustment – current income tax of previous periods	
Australia	-
USA	-
Deferred income tax	
Origination and reversal of temporary differences	(178,039)
Temporary differences not recognised	178,039

Total income tax expense in income statement	**35,947**

Numerical reconciliation of tax expense to prima facie tax payable

Loss before tax – continuing operations	11,080,898
At the Group's statutory income tax rates of Australia: 30%, USA 36%	(3,324,269)
Differences in income tax expense due to:	
Effect of expenses that are not deductible in determining taxable profit	3,039,480
Impairment losses that are not deductible	141,374
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,323
	(142,092)
Deferred Tax Assets not recognised	178,039
Income tax expense recognised in profit or loss	35,947

The tax rate used for the reconciliation above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Current tax assets and liabilities

Current tax liability:	
Income tax payable	35,947
Total current tax liability	**35,947**

Deferred tax assets and liabilities

Deferred tax assets/ (liabilities) arise from the following:

	CONSOLIDATED GROUP			
$	Acquired balances	Charged to Income	Charged to Equity	Closing Balance
General accruals – current period	5,488	12,388	-	17,876
Provision for doubtful debts – current period	-	70,031	-	70,031
Future tax deductions	140,422	60,576	126,137	327,135
Unrealised FX (Gains)/Losses – current period	-	667	-	667
Australia tax losses	1,661,160	25,987	-	1,687,147
USA tax losses	-	8,391	-	8,391
Total temporary differences and tax losses	1,807,070	178,040	126,137	2,111,247
Temporary differences not recognised	(145,910)	(143,661)	(126,137)	(415,708)
Tax losses not recognised	(1,661,160)	(34,379)	-	(1,695,539)
Total temporary differences and tax losses recognised	-	-	-	-

Presented in the Balance Sheet as follows:	
Deferred tax assets	-
Deferred tax liabilities	-

NOTE 10: CURRENT ASSETS - TRADE & OTHER RECEIVABLES

	CONSOLIDATED GROUP 30-Jun-14 $
Trade receivables	155,340
GST receivable	73,514
Deposit on oil and gas permit in Spain[1]	207,422
VAT receivable - Iceland	1,082,857
Auction deposit held with US Federal Government[2]	600,000
Other	35,843
Total trade and other receivables	**2,154,976**

[1] On 8 July 2014, Digital CC Limited received an amount of $207,422 in relation to a deposit previously paid by Macro Energy Ltd (i.e. prior to the acquisition of Digital CC Holdings) to acquire the rights to a Spanish Oil and Gas asset in 2013.

[2]On 23 July 2014, the deposit of US$600,000 which was provided to the US Marshalls as part of its bitcoin auction, was returned to Digital CC USA LLC.

NOTE 11: PREPAYMENTS

	CONSOLIDATED GROUP 30-Jun-14 $
Current	
Prepayment of Power and Hosting expenses	87,500
Prepayment of future cash calls for restoration obligations	88,825
Total Prepayments	**176,325**

NOTE 12: CURRENT ASSETS - BITCOINS

	CONSOLIDATED GROUP 30-Jun-14 $
Bitcoins	2,324,438
Total Bitcoins	**2,324,438**

Bitcoins were fair valued using the mid-day Bitfinex price as at 30 June 2014 of $640 per bitcoin.
The total number of bitcoins mined during the period ended 30 June 2014 was 7,208 bitcoins.

NOTE 13: CURRENT ASSETS - BITCOIN MINING HARDWARE

	CONSOLIDATED GROUP 30-Jun-14 $
Bitcoin Mining Computer Hardware	
Cost	4,133,105
Accumulated depreciation	(1,830,810)
Net Carrying amount	**2,302,295**
Reconciliation	
Carrying amount at beginning of period	-
Additions	4,133,105
Depreciation charge for the period	(1,830,810)
Carrying amount at end of period, net of accumulated depreciation	**2,302,295**

NOTE 14: CURRENT LIABILITIES - TRADE & OTHER PAYABLES

	CONSOLIDATED GROUP 30-Jun-14 $
Trade payables	418,267
PAYG withholding payable	19,320
Total trade and other payables	**437,587**

NOTE 15: CURRENT LIABILITIES - RESTORATION PROVISION

	CONSOLIDATED GROUP 30-Jun-14 $
Restoration provision for environmental rehabilitation[1]	103,981
	103,981

[1] Restoration provision relates to the prior operations of Macro Energy Limited.

NOTE 16: ISSUED CAPITAL

a) Issued and paid up Capital

	30-Jun-14 $
167,939,643 fully paid ordinary shares	18,404,582
	18,404,582

b) Movement in Ordinary Share Capital

Date	Details	Number of Shares	Issue Price A$	US$[2]
28 January 2014	Opening Balance	100		300,000
10 March 2014	Share split	9,900		-
5 June 2014	Closing balance	10,000		300,000
6 June 2014	Opening balance	10,000		300,000
	Acquisition of Digital CC Limited:			
	- Elimination of existing Digital CC Holdings shares	(10,000)		-
	- Existing Digital CC Limited shares on acquisition	38,074,988		10,095,395
	- Issue of Digital CC Limited shares on acquisition of Digital CC Holdings (refer note 18)	82,764,655		
6 June 2014	Issued under Prospectus	45,500,000	A$0.20	8,436,080
	Issued to DJ Carmichael	1,600,000	A$0.20	296,653
	Less cost of capital raising	-		(723,547)
30 June 2014	Closing Balance	167,939,643		**$18,404,582**

Note 1: Securities are shown on a post 1 for 5.715 consolidation basis.
Note 2: Based on AUD/USD of 0.9297 on 6 June 2014

c) Rights Attaching to Shares

The rights attaching to fully paid ordinary shares arise from a combination of the Company's constitution, statute and general law. Fully paid ordinary shares carry one vote per share and carry a right to dividend.

NOTE 17: RESERVES

	CONSOLIDATED GROUP 30-Jun-14 $
Option premium and share-based payment reserve	3,475,762
	3,475,762

NOTE 18: CONTROLLED ENTITIES

All controlled entities are included in the consolidated preliminary final report. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event a winding up of any controlled entity. The period end of the controlled entities is the same as that of the parent entity, except for the US companies listed below which use 31 December year end.

Name of Controlled Entity	Place of Incorporation	% of Shares Held 2014
Digital CC Management Pty Ltd	Australia	100%
Digital CC Trading Pty Ltd	Australia	100%
Digital CC IP Pty Ltd	Australia	100%
Digital CC Limited	Australia	100%
Digital CC Limited	Hong Kong	100%
Digital CC IP Limited	Hong Kong	100%
Digital CC Holdings USA Inc	United States	100%
Digital CC USA LLC	United States	100%
Digital CC USA Services LLC	United States	100%
Pass Petroleum Pty Ltd	Australia	100%
Pass Petroleum LLC	United States	100%
Versus Energy LLC	United States	100%

Acquisition of Controlled Entity

On 6 June 2014, Digital CC Limited (formerly Macro Energy Limited), the legal parent and legal acquirer, completed the acquisition of Digital CC Holdings Pty Ltd ('Digital CC Holdings'). The Acquisition has been accounted for by analogy to the guidance for reverse acquisitions in AASB 3 *Business Combinations* because, as a result of the Acquisition, the former shareholders of Digital CC Holdings (the legal subsidiary) obtained accounting control of Digital CC (the legal parent). Accordingly the application of the reverse acquisition guidance in AASB 3 by analogy results in Digital CC, the legal parent, being accounted for as the subsidiary, and Digital CC Holdings, the legal subsidiary, being accounted for as the accounting parent.

The Acquisition did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as Digital CC was deemed for accounting purposes not to be a business and, therefore, the transaction is not a business combination within the scope of AASB 3. Instead the acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 102 that any difference in the fair value of the shares issued by the accounting acquirer (Digital CC Holdings) and the fair value of the accounting acquiree's (Digital CC (formerly Macro Energy Limited) identifiable net assets represents a service received by Digital CC Holdings, including payment for a service of an ASX stock exchange listing.

Digital CC Limited is the legal acquirer of Digital CC Holdings Pty Ltd in this transaction and the consideration for the acquisition was the issue by Digital CC Limited of:

(i) 82,764,655 fully paid ordinary shares in Digital CC Limited. By analogy to reverse asset acquisition accounting principles the consideration is deemed to have been incurred by Digital CC Holdings Pty Ltd in the form of equity instruments issued to Digital CC Limited shareholders. The acquisition date fair value of the consideration has been determined with reference to the fair value of the issued shares of Digital CC Limited immediately prior to the acquisition and has been determined to be $10,095,395;

(ii) 8,316,710 unlisted options to acquire fully paid ordinary shares in Digital CC Limited each exercisable at $0.28 on or before 30 June 2016, valued at $0.153 using the binomial valuation method and totalling $1,179,620. This amount has been included as part of the consideration for the transaction;

(iii) 16,633,420 Class A Performance Rights which will vest on 1 July 2015 if the earnings before interest, tax, depreciation and amortisation in the Company in the period from 1 January 2014 to 30 June 2015 is $9,000,000 or greater. The fair value of the performance rights is $0.286 each and has been accounted for based on a probability of 35% that the performance hurdle is achieved. Therefore the fair value of the Class A Performance Rights has been determined to be $1,543,530; and

(iv) 8,316,710 Class B Performance Rights which will vest on 1 July 2016 if the earnings before interest, tax, depreciation and amortisation in the Company in the period between 1 July 2015 and 30 June 2016 is $30,000,000 or greater. The fair value of the performance rights is $0.286 each and has been accounted for based on a probability of 5% that the performance hurdle is achieved. Therefore the fair value of the Class B Performance Rights has been determined to be $110,252.

As Digital CC Holdings is deemed to be the acquiree for accounting purposes, the carrying values of its assets and liabilities are recorded at fair value at Acquisition date. No adjustments were required to the historical book values.

Consideration

	US$
Fair value of Digital CC Limited on 6 June 2014	10,095,395
8,316,710 unlisted options	1,179,620
16,633,420 Class A Performance Rights	1,543,530
8,316,710 Class B Performance Rights	110,252
Fair value of options issued by Macro Energy Limited prior to acquisition	642,360
Total value of consideration	**13,571,157**

Legal fee costs of $374,429 incurred by Digital CC Holdings in relation to the merger have been expensed.

The fair value of acquired net assets and the resulting expense are as follows:

		6-Jun-14 US$
Identifiable assets acquired		
Cash on hand		727,445
Receivable		263,870
Prepayments		278,692
Property, plant and equipment		2,151
Loan to Digital CC Holdings		1,895,229
Payables		(410,748)
Rehabilitation Provision		(103,547)
NET ASSETS ACQUIRED		2,653,092
Consideration paid		**13,571,157**
Expense recognised on acquisition		10,918,065

NOTE 19: CASH FLOW INFORMATION

	CONSOLIDATED GROUP
Reconciliation of cash flow from operations with profit / (loss) after income tax	30-Jun-14 $
Loss after income tax	(11,116,845)
Non-cash flows in loss	
Revenue from bitcoins earned	(3,959,558)
Net fair value gain on bitcoins	(393,297)
Bitcoin mining pool fees	61,562
Share based payments – employee benefits	7,612
Inventory impairment	233,435
Corporate transaction accounting expense	10,918,065
Depreciation	1,831,129
Amortisation	1,900
Other non-cash expenses	254,953
	(2,161,044)
Change in assets and liabilities, net the effects of purchase of subsidiaries	
Decrease / (increase) in trade and other receivable	(203,625)
Decrease / (increase) in prepayments	(87,500)
(Decrease) / increase in trade payables and accruals	254,693
Decrease) / increase in bitcoins	2,441,613
(Decrease) / increase in provisions	-
(Decrease) / increase in tax payable	35,947
Net cash used in operating activities	**280,084**

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

On 8 July 2014, Digital CC Limited received an amount of $207,422 in relation to a deposit previously paid by Macro Energy Ltd (i.e. prior to the acquisition of Digital CC Holdings) to acquire the rights to a Spanish Oil and Gas asset in 2013.

On 23 July 2014, the deposit of US$600,000 which was provided to the US Marshalls as part of its bitcoin auction, was returned to Digital CC USA LLC.

In August 2014, the Company invested further into Bitcoin mining activities with the purchase of $1.3 million of additional equipment.

There were no other reportable subsequent events.