

COINSILIUM GROUP LIMITED

UNAUDITED

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2016

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Unaudited consolidated interim financial statements for the six month period ended 30 June 2016

Coinsilium Group Limited (“Coinsilium” or the “Company”), the ISDX quoted, blockchain investment and development company, is pleased to announce its unaudited interim financial statements for the six months ended 30 June 2016.

Key Highlights**Financial**

- Revenues increased by £190,304 to £196,211 compared with revenues of £5,907 for the period from incorporation to 30 June 2015.
- Loss for the period from continuing operations was £269,756, an improvement of £429,566 from the loss of £699,322 in the period from incorporation to 30 June 2015
- Loss per share of 0.004 pence for the period compared with 2 pence per share for the period from incorporation to 30 June 2015. Net Assets amounted to £2,072,297.
- As at 30 June 2016, cash and cash equivalents was £163,562. Financial assets available for sale were £1,668,824.

Investment

- The investment strategy of Coinsilium is to acquire strategic interests in early stage start-ups within the blockchain technology space. During this 6-month period, the Company has continued to review investment opportunities and stakes were increased in three investee companies; Factom, Fuzo and SatoshiPay.
- The Company also acquired a seed stake in RSK Labs. RSK operates “Rootstock”, a smart contract platform built as a sidechain of the Bitcoin blockchain that adds value and functionality to the core Bitcoin network by enabling smart contracts. Since our investment, RSK has raised a further US\$1m seed financing in March.
- Through the inaugural 3-month accelerator programme in Barcelona commencing in February, we acquired equity stakes in four participants:
 - A 3.5% equity stake in Minebox IT Services which builds secure data storage, sharing and backup solutions using blockchain technology, peer-to-peer networks and decentralised storage protocols.
 - A 10% equity stake in Helperbit which provides a peer-to-peer natural disaster management platform using blockchain transparency and efficiency to help victims of catastrophic events around the world.
 - A 8% equity stake in Consentio Blockchain which leverages blockchain technology to streamline the trade finance sector and transform the way businesses transact and secure payments of physical goods.
 - A 7.6% equity stake in BitcoinForMe. An award-winning Spanish start-up (trading as 'Bit2Me'), the company is building a vertical offering of complementary digital currency services from online platforms to physical ATMs to gift cards distributed across thousands of retail stores.
- On 11 August 2016, Exchange of the Americas (EoA) temporarily suspended its digital currency exchange (meXBT) whilst it conducted a review of its operations. Currently, EoA is in discussions to appoint a new operator of the exchange and also to develop its cross border transfers systems in Asia. During this transition period, the Directors have decided to adopt a prudent approach to the fair value of its investment in EoA and have determined that a write-down to its investment of £120,490 is appropriate.

Development

- On 1st April, Laurent Kssis was appointed Non-Executive Chairman as Cameron Parry, who guided the company to the ISDX growth market in December 2015, stepped down from his role as Executive Chairman to pursue other business interests. Ms Pier Thomas was appointed Finance Director on 29 June 2016.
- We continue to support, assist and promote our investee companies. As such, the introduction of a new CEO to Coins.sx, an investee company which operates as Magnr, is a direct example of the work we actively undertake behind the scenes. We believe this not only assists our investees in their development but also adds value to both companies.
We also showcased five of our investee companies at an investor event in April.
- Coinsilium launched the first CPD (Continuing Professional Development) accredited course in early 2016 and whilst it has attracted a high level of interest, the Company is seeking a suitable partner to develop the courses.
- In April, the Company held the first Blockchain Tech Lab in London aimed at developers. This week long course generated interest from participants both in Europe and beyond. The course was taught by both Coinsilium directors, investees and other leading blockchain developers.
- The Company continued to demonstrate its strong standing in the London Technology ecosystem by hosting an event during London Technology Week. The event at Canary Wharf, was oversubscribed and attracted interest from across the investment and technology space.
- Coinsilium continues to pursue opportunities to provide business consultancy and educational services to commercial and government organisations.

Post Period end highlights

- On 12th July, the first AGM of the Company was held, at which the shareholders approved the resolutions to receive and adopt the audited accounts for the financial period to 31 December 2015; granted the Board authority to appoint the Auditor and agree their remuneration; and granted authority to the Company's Directors to issue for cash new shares of the Company equal to 300 per cent. of its current issued shares free from pre-emption, and to dis-apply pre-emption in relation to the issue of shares by the Company for non-cash consideration.
- SatoshiPay announced in July a partnership with Visa Europe's innovation department Collab for the provision of paid videos and downloads such as PDFs, office software documents and e-books. The news has raised market awareness of the possibilities surrounding SatoshiPay's technology and role for nanopayments.
- During the summer, Factom announced two collaborations that demonstrate the diversified applications for the technology. The first with Intrinio an application and financial data provider and the second with DataYes, China's first open and big data information platform covering economic data. The Company was also pleased to announced Factom had received a grant from the US Department of Homeland Security for the development of a digital identity system.
- Factom expects to soon close their Series-A investment round. Interest in the company was reported to be high and further details will be announced once the round is closed.
- In August, RSK Labs stated that it has developed an innovative hybrid security model combining smart contracts capabilities with the strongest blockchain. The security model also incorporates a private Federation integrated by leading companies from the blockchain industry. The hybrid security model will be key to promote institutional use cases. RSK Labs has more than twenty international banks, insurance companies, government and development agencies that are planning to launch their services over RSK.

Statement by the Board

Since the IPO in December 2015, Coinsilium's strategy has been to continue to pursue five key objectives:

- Increase investment in existing portfolio companies who demonstrate sustained progress
- Continue to develop our infrastructure and ability to support existing investees
- Evaluate new opportunities and invest in those aligned with our objectives
- Review fundraising opportunities for working capital and investment requirements
- Consider divestment opportunities as appropriate

These interim results reflect the Company's commitment to achieving these objectives through increased and new investments, on-going support of investee companies and a restructuring of the Board.

The Company's Board and management remain focused on the efficient deployment of our existing resources and opportunities to secure additional financing for current and future blockchain projects. The overall strategy remains to deliver a return through a range of diverse investments focused on blockchain technologies.

Blockchain continues to be the focus of the financial technology arena and we are also encouraged by the interest it is now receiving from industries outside financial services. This is best reflected in both announcements made by our own investees and the prestigious events Coinsilium team members are asked to partake in as part of our role as thought-leaders and innovators.

CEO Eddy Travia was invited to attend the World Economic Forum Davos by Innovate Finance and the Mobile World Congress in Shanghai.

For our investees it was also exciting to see diversification beyond fintech. Factom, a data-focused blockchain company in which Coinsilium holds a 1.82% equity stake announced they were joining the Smart City movement and had signed an MOU for the integration of iSoftStone's smart city solution and Factom's blockchain-as-a-service technology. This will eventually see Factom's Apollo product become available across several regions in China.

This news should not detract from the work that is being done in the financial services arena. Nanopayments company SatoshiPay, in which we hold a 14.5% equity stake, has made significant progress this year with the launch of its API and log-in free paywall. Both of which have attracted attention from parties within the online payments space.

Although early days, we are delighted to see that the progress achieved by some of our investees has led to discussions surrounding further capital raises, which may give opportunity for divestment by the Company.

Going concern

The current economic environment in Europe remains difficult and the Group has reported an operating loss for the period.

In considering the Group's ability to continue in operation for the foreseeable future, the Directors have considered the Group's forecast operating cash-flows for the period up to the end of 30 September 2017, and all other related matters. This involved consideration of the cash flow implication of the budget. The Directors consider that the outlook presents some opportunities as well as challenges in terms of the generation and timing of revenues and income.

The Directors have instituted considerable measures to preserve cash, and have reduced monthly expenditure. In addition, the Directors are actively engaged in discussions with several organisations to provide training and consultancy services. The Directors are also pursuing divestment and

other opportunities which would increase shareholder value and provide the required capital for future investments.

The Directors have concluded that the combination of these activities are sufficient such that the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated interim financial statements

Brexit

Following the result of the recent EU referendum in the UK, the Board acknowledges that this may have an impact on the company's future trading and performance. Due to the uncertainty surrounding the exit of the UK from the EU, they cannot say with any certainty as to what this impact will be. The Company will continue to monitor the situation closely and, if required, make decisions in a timely and appropriate manner .

I wish to thank all shareholders for their support for the Company so far to date and we look forward to an exciting year ahead as we continue to support early stage blockchain companies.

Laurent Kssis
Non-Executive Chairman

	Note	6 months to 30 June 2016 Unaudited £	Incorporation to 30 June 2015 Unaudited £
Revenue		196,211	5,907
Cost of sales		(36,200)	-
Gross Profit		160,011	5,907
Administrative expenses		(309,277)	(705,229)
Impairment	5	(120,490)	-
Other gains/(losses)		-	-
Profit/(Loss) before Income Tax		(269,756)	(699,322)
Income tax expense		-	-
Profit/(Loss) for the Period from Continuing Operations Attributable to Owners of the Parent		(269,756)	(699,322)
Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss</i>		-	-
<i>Items that may be subsequently reclassified to profit or loss</i>			
Fair value gain/loss on other financial assets		11,223	-
Total Other Comprehensive Income for the Period, Attributable to Owners of the Parent		(258,533)	-
Earnings per Share			
Basic and diluted earnings per share attributable to equity holders of the Parent	4	(0.004)	(0.020)

	Note	As at 30 June 2016 Unaudited £	As at 30 June 2015 Unaudited £	As at December 2015 Audited £
Assets				
Non-Current Assets				
Intangible assets		-	400	-
Goodwill		-	1,418,501	-
Tangible assets		1,215	-	508
Available for sale financial assets	5	1,668,824	663,912	1,452,035
Other financial assets		258,889	131,393	164,335
		1,928,928	2,214,206	1,616,878
Current Assets				
Other receivables		35,653	63,493	59,058
Cash and cash equivalents		163,562	45,534	984,023
		199,215	109,027	1,043,081
Total Assets		2,128,143	2,323,233	2,659,959
Equity Attributable to Owners of the Parent				
Called up share capital		-	-	-
Share premium account		4,377,396	2,836,447	4,377,396
Share option reserve		81,275	-	81,275
Available for sale reserve		287,905	-	287,905
Other reserves		11,223	-	-
Retained earnings		(2,685,502)	(699,322)	(2,415,746)
Total Equity Attributable to Owners of the Parent		2,072,297	2,137,125	2,330,830
Current Liabilities				
Trade and other payables		55,846	186,108	329,129
Total Equity and Liabilities		2,128,143	2,323,233	2,659,959

Attributable to equity shareholders

	Share Capital	Share Premium	Share Option Reserve	Available for Sale Reserve	Other Reserves	Retained Earnings	Total
	£	£	£	£	£	£	£
As at incorporation	-	-*	-	-	-	-	-
Loss for the period	-	-	-	-	-	(699,322)	(699,322)
Other comprehensive income							
Fair value gain on available for sale financial assets	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(699,322)	(699,322)
Transaction with owners							
Issue of ordinary shares	-	2,836,447	-	-	-	-	2,836,447
Issue costs	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-
Total transactions with owners	-	2,836,447	-	-	-	(699,322)	2,137,125
Balance as at 30 June 2015	-	2,836,447	-	-	-	(699,322)	2,137,125
Balance as at 1 January 2016	-	4,377,396	81,275	287,905	-	(2,415,746)	2,330,830
Loss for the period	-	-	-	-	-	(269,756)	(269,756)
Other comprehensive income							
Fair value gain on other financial assets	-	-	-	-	11,223	-	11,223
Total comprehensive income for the period	-	-	-	-	11,223	(269,756)	(258,533)
Transaction with owners							
Shares issued	-	-	-	-	-	-	-
Total transactions with owners	-	4,377,396	81,275	287,905	11,223	(2,685,502)	2,072,297
Balance as at 30 June 2016	-	4,377,396	81,275	287,905	11,223	(2,685,502)	2,072,297

	6 months to 30 June 2016	Incorporation to 30 June 2015	Incorporation to 31 December 2015
	Unaudited £	Unaudited £	Audited £
Cash flows from operating activities			
Loss before taxation	(269,756)	(699,322)	(2,415,746)
Adjustments for:			
Amortisation	-	133,950	600
Depreciation	333	-	132
Issue of shares – Director fees	-	160,000	140,000
Finance income	(64)	-	(65)
Investments settled in shares	(150,438)	-	-
Impairment of intangible assets	-	-	1,110,722
Impairment of available for sale financial assets	120,490	-	200,737
Share based payment	-	-	81,275
Creditors balances settled in shares	-	-	33,513
(Increase) in trade and other receivables	23,405	(63,493)	(59,058)
Increase in trade and other payables	(273,284)	186,108	329,130
Net cash used in operating activities	(549,314)	(282,757)	(578,760)
Cash flows from investing activities			
Interest received	64	-	65
Purchase of available for sale financial assets	(186,841)	(176,162)	(435,590)
Purchase of other financial assets	(83,331)	(131,393)	(164,335)
Purchase of intangible assets	-	(600)	(600)
Purchase of property, plant & equipment	(1,039)	-	(640)
Net cash used in investing activities	(271,147)	(308,155)	(601,100)
Cash flows from financing activities			
Net cash proceeds from issue of shares	-	636,447	2,163,883
Net cash generated from financing activities	-	636,447	2,163,883
Net (decrease)/increase in cash and cash equivalents	(820,461)	45,534	984,023
Cash and cash equivalents at the beginning of the period	984,023	-	-
Cash and Cash Equivalents at end of Period	163,562	45,534	984,023

Major Non-Cash Transactions

During the 3-month accelerator programme commencing in February, the Company acquired equity stakes in four companies – Minebox IT Services, Helperbit, Consentio Blockchain and BitcoinForMe, in exchange for €180,000 of services, in total, provided by the Company.

1. Basis of Preparation

The consolidated interim financial statements should be read in conjunction with the annual financial statements for the period ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. As permitted, the consolidated interim financial statements have not been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'.

2. Financial Information

The consolidated interim financial statements set out above do not constitute statutory accounts. They have been prepared on a going concern basis in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union. Except as described below, the accounting policies applied in preparing the interim consolidated financial statements are consistent with those that have been adopted in the Group's 2015 audited financial statements. Statutory financial statements for the period ended 31 December 2015 were approved by the Board of Directors on 1 June 2016. The report of the auditors on those financial statements was unqualified.

Going concern

The current economic environment in Europe remains difficult and the Group has reported an operating loss for the period.

In considering the Group's ability to continue in operation for the foreseeable future, the Directors have considered the Group's forecast operating cash-flows for the period up to the end of 30 September 2017, and all other related matters. This involved consideration of the cash flow implication of the budget. The Directors consider that the outlook presents some opportunities as well as challenges in terms of the generation and timing of revenues and income.

The Directors have instituted considerable measures to preserve cash, and have reduced monthly expenditure. In addition, the Directors are actively engaged in discussions with several organisations to provide training and consultancy services. The Directors are also pursuing divestment and other opportunities which would increase shareholder value and provide the required capital for future investments.

The Directors have concluded that the combination of these activities are sufficient such that the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated interim financial statements.

Risks and uncertainties

The key risks that could affect the Group's short and medium term performance, and the factors that mitigate those risks have not substantially changed from those set out in the Group's 2015 Annual Report and Financial Statements, a copy of which is available on the Company's website: www.coinsilium.com. The Group's key financial risks are liquidity, equity securities price risk and foreign exchange movements.

Accounting policies

The preparation of consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in note 4 of the Group's 2015 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period. The consolidated interim financial statements have been prepared on the historical cost basis, except for the measurement to fair

value of assets and financial instruments. Fair value is based on cost less any impairment charges. Impairment charges are made to the profit and loss account.

Changes in accounting policies and disclosures

There are no new and amended IFRS standards that are effective for the first time for the financial year commencing 1 January 2016 that would be expected to have a material impact on the Group.

The financial information for the 6 months ended 30 June 2016 and for the period from incorporation ended 30 June 2015 has not been audited.

No dividends have been paid or recommended to be paid during the period (30 June 2015: £Nil).

3. Directors Remuneration

Directors of the Company received total remuneration of £75,833 for the 6 months ended 30 June 2016 (30 June 2015: £Nil).

4. Loss Per Share (LPS)

Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares outstanding during the period.

	Profit £	Weighted average number of Shares	As at 30 June 2016 Loss per Share £	As at 30 June 2015 Loss per Share
Basic LPS				
Loss attributable to shareholders	(269,756)	69,468,117	(0.004)	(0.02)
	<u>(269,756)</u>	<u>69,468,117</u>	<u>(0.004)</u>	<u>(0.02)</u>

Diluted earnings per share is calculated by adjusting the weighted average number of shares to assume the conversion of all dilutive potential shares. The Company had no dilutive potential shares during the period.

5. Available For Sale Financial Assets

	Unlisted Equity Securities Europe £	Unlisted Equity Securities Hong Kong £	Unlisted Equity Securities United Kingdom £	Unlisted Equity Securities BVI £	Unlisted Equity Securities Mexico £	Unlisted Equity Securities United States £	Total £
At Incorporation	-	-	-	-	-	-	-
Additions	-	37,614	426,150	125,221	2,894	72,033	663,912
Impairment	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-
At 30 June 2015		37,614	426,150	125,221	2,894	72,033	663,912
Additions	-	222,166	282,790	30,129	95,889	70,431	701,405
Impairment	-	(45,837)	-	(155,350)	-	-	(201,187)
Fair value movement	-	-	-	-	287,905	-	287,905
At 31 December 2015	-	213,943	708,940	-	386,688	142,464	1,452,035
Additions	199,597	19,703	116,970	-	-	-	336,270
Impairment	-	-	-	-	(120,490)	-	(120,490)
Fair value movement	-	-	-	-	-	-	-
Foreign exchange adjustment	987	(6533)	5991	-	-	564	1,009
At 30 June 2016	200,584	227,113	831,901	-	266,198	143,028	1,668,824

At 30 June 2016, the Company owns unlisted shares in:

- Hive Labs Limited, a company incorporated in BVI. This investment has been previously fully written down. The Directors fully impaired the investment in Hive Labs Limited at 31 December 2015, due to the cessation of development of the Hive wallet due to lack of resources;
- Fuzo Limited, a company incorporated in Hong Kong;
- Exchange of the Americas, SAPI de CV, a company incorporated in Mexico which has been subject to an impairment charge of £120,490. The Directors partially impaired the investment in Exchange of the Americas, due to the temporary suspension of its digital currency exchange, meXBT;
- Fidelia Solutions Limited, a company incorporated in Hong Kong, trading under the name 'CoinSimple' and which has been previously subjected to an impairment charge;
- Cryptopay Limited, a company incorporated in the United Kingdom;
- Coins.sx Limited, a company incorporated in the United Kingdom, trading under the name of 'Magnr';
- SatoshiPay Limited, a company incorporated in the United Kingdom;
- TRAC Technology Limited, a company incorporated in the United Kingdom;
- Factom Inc., a company incorporated in the United States;
- Neuroware.io Inc., a company incorporated in the United States;
- Consentio Blockchain S.L., a company incorporated in Spain;
- Helperbit S.R.L., a company incorporated in Italy;

- BitcoinForMe S.L., a company incorporated in Spain; and
- Minebox IT Services GmbH, a company incorporated in Austria.

6. Approval of Interim Financial Statements

The interim financial statements were approved by the Board of Directors on 22 September 2016.