Digital Investment Group Limited and controlled entities

ACN 608 992 534

Financial Report for the Year Ended 30 June 2020

Contents

DIRECTORS' REPORT

The directors present their report on the Company and its controlled entity for the financial year ended 30 June 2020.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Don Clarke	(Non-executive Director)	(Appointed 28 Oct 2015)
Steve Prideaux	(Chief Executive Officer and Company Secretary)	(Appointed 28 Oct 2015)
Gordon Jenkins	(Non-executive Director)	(Appointed 28 Oct 2015)
Gerard Mullins	(Non-executive Director)	(Appointed 28 Oct 2015)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Steve Prideaux and Adam Legg are the Company Secretaries of Digital Investment Group Limited. Mr Prideaux has been the Company Secretary since 28 October 2015 and Mr Legg was appointed on 27 November 2019.

Don Clarke. LL.B. (Hons)

Independent, Non-Executive Director

Don is a retired corporate partner of the law firm, Minter Ellison, for over 25 years and continues with the firm as a consultant. He has extensive commercial law and business experience from over 30 years advising ASX listed and large private companies across a broad range of industries on corporate law, governance and investment issues.

Don is currently a non-executive director of two ASX listed companies;

- Deputy Chairman of Webjet Limited (one of Australia's leading on-line travel companies) and
- Contango Income Generator Limited

And a former director of ASX listed companies, Circadian Technologies Limited, Phosphagenics Limited and Polynovo Limited. He is also a director of several private companies.

Steve Prideaux. MBA, Dip Fin, Dip Mgmt., Dip Bus

Group CEO, Executive Director and Company Secretary

As well as being a Company Founder and our largest shareholder, Steve has over 25 years of management experience in the Retail, Licensing and Franchising sector and won several of his industry's most prestigious State and National retail awards for excellence.

Prior experience includes the role of Vice President of Commercial Operations APAC for NYSE Listed Blockbuster INC. During this period of leadership, the Company grew from 9% market share to well over 30% and grew from a period of sustained losses to consecutive years of multimillion-dollar EBITDA. Prior to this Steve founded and grew his own chain of 30 stores operating in both Victoria and New South Wales which he subsequently sold to Blockbuster in 2002.

Steve joined the DIG Family officially in February 2012 with Miiy Pty Ltd and is a passionate brand builder and has successfully coached and mentored several successful entrepreneurs from inception to success

Gordon Jenkins. BSc (Hons) Math's, Economics, Computing

Independent, Non-Executive Director

Gordon is an experienced business leader developing firms and individuals to differentiate themselves in competitive markets and minimal barriers to entry. Gordon's has held several executive roles at Merrill Lynch UBS, Deutsche Bank, NAB as well as NED and CEO positions in the private/family office sector.

Gordon runs his own consulting firm, inspiring organisations and people to grow rapidly. He is a sought-after presenter and regular innovator of thought-provoking outcomes. Passionate about Life Science, Gordon is board member and trustee of the Lungitude Foundation for Heart & Lung Transplants

Gerard Mullins. MBA, FAICD, FAIM

Independent, Non-Executive Director

Gerard Mullins is an experienced company director and business builder. Gerard has had executive roles with Pacific Dunlop, Australian Defence Industries, Illinois Tool Works. He founded ASTA Solutions Pty Ltd and grew that business to $6M turnover and 50 staff over 15 years.

Gerard founded a boutique IT consulting business - Mullins Advisory Pty Ltd in 2014. Mullins Advisory offers its clients IT strategy development services, IT project management, virtual CIO services and IT risk and governance assessments. Gerard has a number of roles on advisory boards.

Gerard has active residential construction projects as part of a property development business he founded in 2014 (Eureka Rise).

Directors' Interest in Shares and Options

Directors' relevant interests in shares of Digital Investment Group Limited or options over shares in the company are detailed below.

Directors' relevant interests in:

	Ordinary Shares	**Options**
Donald Clark	4,977,601	-
Gordon Jenkins	2,069,566	-
Gerard Mullins	2,441.043	-
Steve Prideaux	26,196,134	-

The information includes shares and options held by Directors and their related parties.

Directors Meetings

The number of meetings of the board of directors and each board committee held during the financial year and the number of meetings attended by each director were:

	Eligible to Attend	**Attended**
Donald Clark	16	16
Gordon Jenkins	16	16
Gerard Mullins	16	14
Steve Prideaux	16	16

Review of Operations

General Overview

2019/2020 was a breakout year for DIG as we narrowed our focus around strengthening the business and bringing about realisable value of assets for our shareholders. We conducted a comprehensive review of operations, closed redundant business units and acquired strategic trading assets.

We further simplified our trading operations into 4 core divisions: of Digital Services, Financial Services, Workplace Solutions, and Incubation/Acceleration.

Significant Changes in the Affairs of the Company

During the 2020 year, the Company has chosen to de-register several of its nonperforming subsidiaries (refer to Note 6 and 26 for more details) to clean up the overall structure of the Group. Also, during the year, the Company acquired Makesure Consulting, Infocept and National Fleet (refer to Note 12 for more details) to enhance the Group's ability to engage in new markets and produce cost-saving synergies across the Group.

2020 has added the complexity of various changes in the market and economy condition as a result of Covid-19. The management is very cognisant of the external restriction imposed by governments at all levels through the pandemic and is working to make the Group as flexible as possible to overcome any changes which may adversely affect the Group and allow it to look for other opportunities as they arise.

1: Digital Services: (Comprising the business units of Avant Garde Agency, ZenTix and App Insight)

Revenue from these services was just under $250k with again a significant amount of our resources and time allocated to internal projects and projects under incubation and acceleration.

Our Ticket Business was substantially impacted in the 2nd half by COVID19 with no events or venues being able to use our services.

To streamline operations, we closed the trading entities of App Insight Pty Ltd and ZenTix Pty Ltd with the IP of these units and our Avant Garde Agency development business all housed within one entity called DIG Digital Services Pty Ltd (DDS).

2: Financial Services: (Comprising the business units of National Fleet Finance & Insurance and Next Asset Finance, Next Asset Finance, Our Credit Team and Dealer Trade Exchange)

We had previously acquired a 28.2% interest in National Fleet Investments and this year completed a full buy out with DIG now owing 100% of the business and renamed the ultimate holding company DIG Automotive and Financial Services Pty Ltd (DAFS).

DAFS owns 100% of National Fleet Finance and Insurance Pty Ltd (NFFI) who provide wholesale services to the finance industry under a credit licence and a Salary Packaging Service provided to a wide range of Car Dealerships in Australia. At retail level, NFFI operates as Next Asset Finance providing asset and mortgage financial solutions having extended our Credit Licence to provide mortgage solutions. Again, the business was impacted by COVID19 and collected around $210k in Finance Commissions (pre and post-acquisition) for the 12 months to 30 June 2020.

An exciting innovation embarked on during this year is the creation of a joint venture business called 'Our Credit Team' (OCT). Our partners in his platform are a highly respected financial services business Credit Partners Australia Pty Ltd who are based in Sydney, NSW. The platform which provides Virtual Broker Services is completing User Acceptance Testing and is ideally placed to disrupt the Covid19 ravaged automotive, caravan, marine and motorcycle dealership businesses by providing online instant brokers 7 days a week including evenings with the need to have an internal finance manager. This business will launch in the next month.

This business will be further supported by our proposed acquisition of Think Leasing that gives us a footprint in over 200 Dealerships to launch OCT and our slowly developed platforms for the car industry.

3: Workflow Solutions (Makesure, Ratify, Infocept and Collobo)

During the year DIG acquired 100% of Makesure Solutions Pty Ltd and Infocept Pty Ltd who generated just under $2.5M revenue (pre and post-acquisition) for the 12 months to 30 June 2020.

Makesure is an online SaaS company which specialises in on-line background checks including but not limited to CV checks, police checks, immigration and working with children certification checks to clients/customers including Chandler McLeod, Rentokill, Johns Lyng Group Limited, Monash College, Hitachi Construction Machinery (Australia) Pty Ltd and Scania Australia Pty Limited. Maksure operates in Australia and New Zealand.

The company recently launched a platform called Ratify which provides a powerful online system that streamlines the management of all workplace-related documents in one easy-to-use platform.

Ratify also lets your employees and sub-contractors quickly and easily share identification documents, workplace policies, qualifications, proof of compliance, training certifications, association registrations and inductions.

Infocept is a workflow solutions company that executes National Broadband Network (NBN) patch work. It is also about to launch Collobo which is a live app solution for contract pricing works in the NBN and has substantial value in the construction and property development industries.

Infocept's clients/customers include Service Stream Communications Pty Ltd, Fulton Hogan Construction Pty Ltd and Visionstream Australia Pty Ltd.

4: Incubation and Acceleration (Start Up In A Box)

DIG IP Holdings Pty Ltd is a wholly owned subsidiary of DIG set up to identify new technology-based opportunities, leverage existing intellectual property and businesses to commercialise new ventures and accelerate existing platforms that are complementary to DIG's existing structure. This division also seeks to incubate and accelerate the development of emerging and disruptive technology and to find new investment opportunities for the group.

Utilising our 'Start Up In A Box' methodology, we incubate, accelerate and invest in emerging technology on behalf of the group. Our current projects include:

Company:	Equity:	Status:
Day 2 Day Rewards	20%	Currently trading and developing
Scoozi Holdings	50%	Various Platforms Under Development
NeoGen Aerospace Group	5%	Early stage incubation
MySite	TBA	Client we have equity right over

5: Tax Audits

The company is the final stage of completing the Tax Audit of DIG for R&D and GST which has dragged on for an extended period. The audit process is being managed by myself with the assistance of Director Don Clarke.

On the advice of Minter Ellison's Tax Team and our Accountants, we elected to wind up the old redundant entities of Miiy Pty Ltd, The Gippslander Pty Ltd and Automotive Investment Holdings Pty Ltd. Refer Note 27 – Contingent Liabilities for further information.

6: Potential Market Transaction

This year the company engaged in some comprehensive negotiations on an ASX Listing.

The Board has assisted another entity in evaluating the DIG Business and to lodge an Application to the ASX Advice on acquiring DIG on what the Board believes are favourable terms to DIG Shareholders.

No further information can be provided at this time due to market sensitivity suffice to say that the Board reasonably expects a market announcement to be made before the Annual General Meeting of the Company. The transaction would bring substantial working capital to the group to reduce debt and further accelerated our key targeted projects.

7: Summary

My involvement with the business commenced in February 2012 when we launched the Miiy Business founded by Rick Hodgskiss and Leon Davies earlier in Gippsland. It has been a rollercoaster journey for us all, but it has also been rewarding to assist in delivering outcomes for our shareholders which include family and friends. A major reset occurred in 2016 when DIG was founded and since then under the guidance of a strong and independent Board, we have been able to rebuild, refocus and deliver what I believe is a solid portfolio of platforms and people that will deliver outstanding growth in the coming years.

I am looking forward to the Annual General Meeting and presenting our strategy for the coming years and continuing to support the Board, team and staff in delivering outcomes for our investors strategic partners.

Steve Prideaux
Chief Executive Officer

Accounting Standards Implemented

AASB 16 Accounting of Leases has been implemented in the year.

Principal Activities

Digital Investment Group Limited is an organisation designed for the invention of, incubation of and investment in IT platforms, products and services with a particular passion for digital disruption.

Events Subsequent to the End of the Reporting Period

Disclosure about COVID-19 and its impact on the Group has created unprecedented uncertainty in the economic environment that we operate within. Actual economic events and conditions in future may be materially different from those realised in the 2020 financial year and projected for the 2021 financial year. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further effects on the financial position of the Group. As at the date of the Financial Statements, an estimate of the future effects of the COVID-19 pandemic on the Groups financial performance and/or financial position cannot be made, as the impact will depend on the magnitude and duration of the economic downturn with the full range of monetary impacts unknown.

On the 6 July 2020, the Company received a letter from the ATO outlining finding of the ATO audit. These findings are being reviewed by the Company. Refer to Note 27 for further details.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affects the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely Developments and Expected Results of Operations

The Group will continue to pursue its strategic objectives to increase investment opportunities and profitability. The Group plans to continue to explore ways of reducing the Group's overall costs to improve and enhance efficiency and maximise shareholder return.

Environmental Regulation

The Consolidated Group’s operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

There have not been any dividends paid or declared since the start of the financial year.

Options

No options over issued shares or interests in the Company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares or interests in the Company or a controlled entity have been issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Consolidated Group.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 10.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director

Steve Prideaux

Dated this 7 day of September 2020

Moore Australia Audit (VIC)
Level 18, 530 Collins Street
Melbourne Victoria 3000
T +61 3 9608 0100
Level 1, 219 Ryrie Street
Geelong Victoria 3220
T +61 3 5215 6800
victoria@moore-australia.com.au
www.moore-australia.com.au

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF DIGITAL INVESTMENT GROUP LIMITED & CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Moore Australia

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257

GEORGE S DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

7 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group	
		2020	**2019**
		$	**$**
Revenue	4	691,159	5,262
Other Income		208,758	-
Total Revenue		**899,917**	**5,262**
Less:			
Impairment/Write Down of Assets		418,176	(51,322)
Impairment of Goodwill	13	7,467,442	-
Consultants		5,237	17,897
Cost of sales		232,704	-
Depreciation and Amortisation	5	165,980	11,780
Directors Fees		172,500	90,000
Interest Expense		280,832	184,197
Marketing		34,491	15,631
Legal expenses		142,690	20,621
Office & Communication Costs		196,297	168,263
Other expenses from ordinary activities		152,062	44,956
Professional fees		575,234	554,455
Salaries		1,021,418	658,381
Software Development		178,610	31,852
Travel		24,030	6,310
Total Expenses		**11,067,703**	**1,753,021**
Loss before income tax		**(10,167,786)**	**(1,747,759)**
Income tax expense		-	-
(Profit)/Loss attributable to non-controlled Equity Interest		53,578	58,287
Loss for the year from continuing operations		**(10,114,208)**	**(1,689,472)**
Loss from discontinued operations	6	(10,191)	(447,273)
Loss for the period attributable to the ordinary equity holders of DIG Limited		**(10,124,399)**	**(2,136,745)**

The 30 June 2019 balances have been restated to remove discontinued operations - refer Note 6

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Consolidated Group	
		2020	**2019**
Current Assets		**$**	**$**
Cash and cash equivalents	7	192,610	43,294
Trade and other receivables	8	395,234	36,575
Other current assets		1,727	-
Total Current Assets		**589,571**	**79,869**
Non-Current Assets			
Investments accounted for using the equity method	9	27,039	184,587
Plant & equipment	10	31,785	44,391
Intangible assets	11	492,736	-
Goodwill	13	2,528,461	-
Right of use assets	14	535,412	-
Other assets		-	144
Total Non-Current Assets		**3,615,433**	**229,122**
Total Assets		**4,205,005**	**308,991**
Current Liabilities			
Trade and other payables	15	818,031	231,952
Contingent consideration	16	1,400,000	-
Deferred income		130,082	-
Interest-bearing loans and borrowings	17	500,111	754,397
Non-interest-bearing loans and borrowings	18	523,566	483,741
Convertible Notes	19	996,027	131,484
Lease liability		170,123	-
Tax liabilities		542,521	263,901
Provisions	20	166,235	46,042
Other liabilities		22,500	-
Total Current Liabilities		**5,269,196**	**1,911,517**
Non-Current Liabilities			
Lease liability		400,869	
Provisions		53,244	-
Total Non-Current Liabilities		**454,113**	**-**
Total Liabilities		**5,723,309**	**1,911,517**
Net Assets		**(1,518,304)**	**(1,602,526)**
Equity			
Contributed Equity	22	18,545,865	8,345,035

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	Consolidated Group	
		2020	**2019**
Opening Accumulated Losses		(9,875,798)	(7,739,052)
Net gain (loss) attributable to members		(10,124,399)	(2,136,745)
Total Parent Entity Interest		**(1,454,332)**	**(1,530,762)**
Non-controlled equity interest		(63,972)	(71,764)
Total Equity		**(1,518,304)**	**(1,602,526)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital	Non-controlled Interest	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2018	**6,553,201**	**(13,620)**	**(7,739,053)**	**(1,199,472)**
Comprehensive income				
Loss for the year	-	-	(2,136,745)	(2,136,745)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	**-**	**-**	**(2,136,745)**	**(2,136,745)**
Transactions with owners, in their capacity as owners				
Issue of share capital net of transaction costs	1,701,834	-	-	1,701,834
Share-based payments	90,000	-	-	90,000
Dividends paid or provided for	-	-	-	-
Total transactions with owners	**1,791,834**	**-**	**-**	**1,791,834**
Non-controlled equity interest movement	-	(58,143)	**-**	(58,143)
Balance at 30 June 2019	**8,345,035**	**(71,763)**	**(9,875,798)**	**(1,602,526)**
Comprehensive income				
Loss for the year	-	-	(10,114,208)	(10,114,208)
Discontinued operations			(10,191)	(10,191)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	**-**	**-**	**(10,124,399)**	**(10,124,399)**
Transactions with owners, in their capacity as owners				
Issue of share capital net of transaction costs	224,435	-	-	224,435
Share-based payments	150,000	-	-	150,000
Conversion of loans to share capital	1,055,106	-	-	1,055,106
Share-based payment for subsidiary acquisition	8,771,289	-	-	8,771,289
Dividends paid or provided for	-	-	-	-
Total transactions with owners	**10,200,830**	**-**	**-**	**10,200,830**
Non-controlled equity interest movement	-	7,791	**-**	7,791
Balance at 30 June 2020	**18,545,865**	**(63,972)**	**(20,000,197)**	**(1,518,304)**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Consolidated Group	
	2020	**2019**
	$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	568,004	212,242
Receipts from government assistance	196,901	-
Interest received	1	2
Payments to suppliers and employees	(1,410,348)	(1,808,840)
Net cash inflow/(outflow) from operating activities	**(645,442)**	**(1,596,596)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire investments	-	(222,750)
Purchase of plant and equipment	(4,467)	(54,961)
Proceeds from sale of equipment	-	117,497
Loans to borrowers	-	(36,243)
Net cash inflow/(outflow) from investing activities	**(4,467)**	**(196,457)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	224,434	1,791,979
Proceeds from other financing actives	955,762	456,999
Payment of interest	(206,725)	(77,963)
Repayment of borrowings	(174,246)	(335,553)
Net cash inflow/(outflow) from financing activities	**799,225**	**1,835,462**
Net increase (decrease) in cash held	149,316	42,409
Cash at the beginning of the period	43,294	884
NET Cash at end of the period	**192,610**	**43,293**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The consolidated financial statements and notes represent those of Digital Investment Group Limited and Controlled Entity (the "Consolidated Group" or "Group").

The separate financial statements of the parent entity, Digital Investment Group Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial statements were authorised for issue on 7 September 2020 by the directors of the Company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Digital Investment Group Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary details are provided in Note 26.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed to their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Preparation of financial statements on the going concern basis

The consolidated financial statements have been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

During the year ended 30 June 2020 the Group incurred a net loss of $10,124,399 (2019: $2,136,745), had net cash outflows from operating activities of $645,442 (2019: $1,596,596) and at that date the Group's current liabilities exceed its current assets by $4,652,586 (2019: $1,831,648). At 30 June 2020 the Group has $500,111 in interest bearing loans and $523,566 non-interest bearing debts which are past their maturity date. The Group also has a convertible note of $996,027 (inclusive of interest) which has not yet matured.

In determining that the going concern basis is appropriate, the directors have had regard to:

a. The Company's continued effort to develop the current businesses and through realignment of the business current structure with the intention of moving towards the acceptance of a takeover or merger offer from a public listing company. With regards to that, the Company has been actively engaged in an ongoing negotiation for the past 6 months and has been engaged in a comprehensive due diligence process to support the takeover/merger offer so the Group will become part of the publicly listed company on the ASX supported by a capital raise of no less than $5.5M to fund the business. The terms of the proposed arrangement are beneficial to shareholders in the opinion of the Board.

b. There are a significant number of third-party creditor debts, convertible notes, director loans and debts and other third party liabilities which are past there due dates as disclosed in notes 17, 18 and 19. We are relying on these parties not to call their debts within the next 12 months or until the Group has the capacity to repay these debts of $1,023,677.

c. During the year the company successfully raised capital to the amount of $224,435 in cash, secured funding through the issue of convertible notes and successfully transferred several long-term liabilities including Directors Loans into fully paid capital.

d. The impact of the COVID-19 pandemic has resulted in the group experiencing challenging and uncertain times. Whilst the situation is evolving, the directors remain confident that the group will be able to continue as a going concern which assumes it will be able to continue trading and realise assets and discharge liabilities in the ordinary course of business for at least 12 months from the date of the consolidated financial statements.

The Group's ability to continue to operate as a going concern is dependent upon the items listed above, with specific emphasis placed on paragraph (a). Should paragraph (a) above, or the other events noted above not occur as anticipated, the Company is unlikely to be able to pursue its business objectives and will have difficulty continuing to operate as a going concern, including realising its assets and extinguishing its liabilities at the amounts shown in the financial statements.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair values of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured in each reporting period to fair value recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at the acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of debt and equity securities, are recognised as expenses in profit or loss.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i. the consideration transferred at fair value;
ii. any non-controlling interest (determined under either the fair value or proportionate interest method); and
iii. the acquisition date fair value of any previously held equity interest;

over the acquisition date, fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

b. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the Australian Tax Office (ATO) using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset are measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the Group in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that 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 recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a diminished value basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is recognised in profit or loss.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset

	Depreciation Rate
Motor Vehicles	25%
Other equipment	15-67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. Leases

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

f. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance to AASB 9.3.25.3; and
- the amount initially recognised less accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Group elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9:
Financial Instruments:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Group assessed whether the financial instruments are credit impaired, and:

- if the credit risk of the financial instrument increased significantly since initial recognition, the Group measured the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and

- if there was no significant increase in credit risk since initial recognition, the Group measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables or contract assets that result from transactions that are within the scope of AASB 15: *Revenue from Contracts with Customers*, and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial assets that are considered to be credit-impaired (not on acquisition or originations), the Group measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g. default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Group assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Group applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

– adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

g. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information, and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

h. Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss and OCI of the associate is included in the Group's consolidated financial statements.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

i. Intangible Assets Other than Goodwill

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Software platforms

Expenditure during the development phase of a software project is capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

j. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each Group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

k. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

l. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provision for Warranties

Provision is made in respect of the Group's best estimate of the liability on all products and services under warranty at the end of the reporting period. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the Consolidated Group's history of warranty claims.

m. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three (3) months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

n. Revenue Recognition

All revenue is stated net of the amount of goods and services tax.

Revenue generated by the Group is categorised into the following reportable segment:

- Identification checks
- Telecommunication infrastructure
- Design, Creative & Content
- Finance commissions
- Non-segment revenue

Receivables are recognised when they are rendered. The Group's right to consideration is deemed unconditional at this time, as only the passage of time is required before payment of that consideration is due. There is no significant financing component because sales are made within a credit term of 30 days.

o. Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(h) for further discussion on determination of impairment losses.

p. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

q. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

r. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

s. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

t. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated in the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates – impairment of assets

Goodwill was first recognised in 1 December 2019 with the acquisition of National Fleet Finance and Insurance Pty Ltd and 1 May 2020 with the acquisition of Makesure Consulting Pty Ltd, Makesure NZ and Infocept Pty Ltd. The goodwill has been allocated to cash-generating units (CGUs) according to applicable business operations. The Group has assessed impairment at 30 June 2020 by determining the recoverable amount of the CGUs with the goodwill and comparing it to the recoverable amount of the CGUs. The recoverable amount of the CGUs is based on value-in-use calculations using a discounted cash flow for a period not exceeding five years. The calculations are based on cash flow projections on the most recent financial budgets approved by the directors.

Provision for Impairment of Receivables

The provision for expected credit losses assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Contingent Consideration

The contingent consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Group applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Business Combinations

As discussed in Note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting are retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below. None of the other standards and interpretations materially impact the Group.

- The Company has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note 2 for details of the changes due to standards adopted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards:

	2020 $	2019 $
Statement of Financial Position		
ASSETS		
Current assets	78,244	23,649
Non-current assets	-	-
TOTAL ASSETS	**78,244**	**23,649**
LIABILITIES		
Current liabilities	2,090,632	1,423,642
Non-current liabilities	-	-
TOTAL LIABILITIES	**2,090,632**	**1,423,642**
EQUITY		
Issued capital	18,545,865	8,345,036
Retained earnings	(20,558,252)	(9,745,029)
TOTAL EQUITY	**(2,012,388)**	**(1,399,993)**
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/(loss)	(12,743,338)	(2,507,566)
Total comprehensive income/(loss)	**(12,743,338)**	**(2,507,566)**

Guarantees

Digital Investment Group Limited has not entered into any guarantees, in the current or previous financial years, in relation to the debts of its subsidiaries.

Contingent liabilities

At 30 June 2020, the Digital Investment Group is in the process of being reviewed by the ATO regarding GST input tax credits for the period from 1 July 2016 to 30 June 2019 and its R&D tax incentive claim in the year from 1 July 2016 to 30 June 2017. The ATO has advised the Group that it intends to disallow GST input tax credits of $121,533 and to disallow the R&D tax offset claim of $1,119,437. The ATO has provided the Group with a paper setting out its findings. The Group has provided a detailed response to the ATO in which it disputes both the entitlement of the ATO to undertake the audit of its R&D tax incentive claim in the year from 1 July 2016 to 30 June 2017 (especially as it undertook a pre-payment audit of that claim before payment in 2018). Separately, in the alternative, even if the ATO is entitled to undertake the review, the Group disputes categorically the ATO's conclusions in respect of both the GST input tax credits and R&D tax incentive claims as being contrary to the weight of evidence in support of payment of the disputed amounts. The Group intends to fully contest the ATO's findings. Should any review of the findings or any proceedings instituted by the Group to contest the ATO's findings not be resolved in favour of the Group, the Group may be liable to repay the disputed amounts plus additional tax, interest and penalties.

Contractual commitments
At 30 June 2020, Digital Investment Group Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2019: Nil).

NOTE 3: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the Group during the year are as follows:

	Consolidated Group	
	2020	2019
	$	$
Cash	216,879	239,124
Ordinary shares	-	-
Key management personnel compensation	**216,879**	**239,124**

NOTE 4: REVENUE

	Consolidated Group	
	2020	2019
	$	$
Identification checks	183,124	-
Telecommunication infrastructure	161,877	-
Design, Creative & Content	174,590	5,262
Ticketing	-	-
Finance commissions	130,627	-
Subscriptions	-	-
Other sources of revenue	40,941	-
	691,159	**5,262**

NOTE 5: DEPRECIATION AND AMORTISATION

	Consolidated Group	
	2020	2019
	$	$
Depreciation	11,730	11,780
Amortisation of intangibles	30,845	-
Amortisation of right to use assets	123,405	-
	165,980	**11,780**

NOTE 6: DISCONTINUED OPERATIONS

During the period the Company discontinued operations in the following entities;

Name	ACN
App Insight Pty Ltd	622 161 086
Automotive Investment Holdings Pty Ltd	169 822 913
Hoo Works Pty Ltd	608 712 974
Miiy Pty Ltd	150 213 568
Next Asset Finance Pty Ltd	628 462 377
The Gippslander Pty Ltd	146 538 623
ZenTix Pty Ltd	613 006 901
Home Connector Group Pty Ltd	606 173 282

Prior to disposal, the discontinued entities contributed a loss of $10,282 (2019: loss $447,273) to the Group in the year ending 30 June 2020.

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2020	**2019**
	$	**$**
Cash at bank and on hand	192,610	43,294
	192,610	43,294

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2020	**2019**
	$	**$**
Trade receivables	406,086	13,400
Provision for expected credit losses	(39,528)	-
	366,558	13,400
Other receivables		
Lease bond	28,676	22,175
Related party loan	-	1,000
Total current trade and other receivables	**395,234**	**36,575**

The ageing of trade receivables as at 30 June 2020, 44% are less than 30 days (2019: 20% are less than 30 days). There are $39,528 trade receivables which are past due and have been impaired as at 30 June 2020 (2019: nil).

NOTE 9: INVESTMENTS

	Consolidated Group	
	2020	**2019**
	$	**$**
Investment in Dealer Technology Holdings Pty Ltd	-	10
Investment in National Fleet Finance and Insurance Pty Ltd at cost	-	222,750
Share of National Fleet Finance and Insurance Pty Ltd profit and loss for the year	-	(38,173)
Investment in Day to Day Rewards	27,039	-
	27,039	**184,587**

Set out above are the associates of the Group.

In February 2020 the Group entered into an investment of Day to Day Rewards. The Group holds 20% of the total issued capital of Day to Day Rewards Pty Ltd at balance date.

The Group's investment in Day to Day Rewards has been recognised using the equity method of accounting.

Other Group investments include;

	Investment type	**%**
Bid Wars – IP investment	IP Investment	50%
Cloud Mall – IP investment	IP Investment	50%
Generation Ink – IP investment	IP Investment	50%
Hello John Doe – IP investment	IP Investment	50%
Shoe Box – IP investment	IP Investment	50%
NeoGen Transport Innovation Pty Ltd	Capital	5%
Scoozi Holdings Pty Ltd	Capital	50%

which is carried at $Nil fair value as at 30 June 2020.

NOTE 10: PLANT AND EQUIPMENT

	Consolidated Group	
	2020	**2019**
	$	**$**
Plant and Equipment		
Computer and office equipment:		
At cost	101,560	67,685
Accumulated depreciation	(69,775)	(23,294)
Accumulated impairment losses	-	-
Total plant and equipment	**31,785**	**44,391**

a. Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Computer and office Equipment $	Total $
Consolidated Group		
Carrying amount at 1 July 2019	**44,391**	**44,391**
Additions	4,467	4,467
Disposals – written-down value	(5,343)	(5,343)
Depreciation expense	(11,730)	(11,730)
Carrying amount at 30 June 2020	**31,785**	**31,785**

NOTE 11: INTANGIBLES ASSETS

	Note	Consolidated Group 2020 $	2019 $
Software at cost		523,581	-
Accumulated amortisation of software		(30,845)	-
Net carrying amount	a	**492,736**	-
a. **Movements in carrying amounts**			
Balance at the beginning of the reporting period		-	-
Capitalised cost acquired through business combinations		523,581	-
Accumulated amortisation		(30,845)	-
Net carrying amount		**492,736**	-

NOTE 12: Business Combinations

The Group acquired 100% of the ordinary share capital of the following entities;

Name	ACN	Date acquired	[*]
Makesure Consulting Pty Ltd	168 163 666	1 May 2020	100%
Makesure NZ Pty Ltd	NZBN: 9429042423874	1 May 2020	100%
Infocept Pty Ltd	603 862 380	1 May 2020	100%
DIG Automotive and Financial Services Pty Ltd	164 969 180	1 December 2019	100%
National Fleet Finance and Insurance Pty Ltd	154 889 960	1 December 2019	100% (2019: 28.2%)

* *Percentage of voting power in proportion to ownership*

Makesure Consulting Pty Ltd and Makesure NZ Pty Ltd is an Australian criminal intelligence commission accredited broker providing online employee background, reference and criminal checks. Makesure and Makesure NZ were acquired for shares in Digital Investment Group Limited on 1 May 2020.

Infocept Pty Ltd provides workflow solutions for the planning of infrastructure projects such as the NBN and broad stream networks. Infocept was acquired for shares in Digital Investment Group Limited on 1 May 2020.

DIG Automotive and Financial Services Pty Ltd which owns 100% of National Fleet Finance and Insurance Pty Ltd hold an Australian credit license for wholesale and retail financing services and salary packaging. DIG Automotive and National Fleet were acquired for shares in Digital Investment Group Limited on 1 December 2020.

	Makesure Group	Infocept	National Fleet	Fair Value
	$	$	$	$
Purchase consideration:				
Ordinary shares in Digital Investment Group Limited	4,200,000	3,223,128	1,470,910	8,894,038
Contingent Consideration	800,000	600,000	-	1,400,000
	5,000,000	**3,823,128**	**1,470,910**	**10,294,038**
Less:				
Cash and cash equivalents	52,836	14,430	458	67,724
Receivables	101,196	13,716	35,157	150,069
Intangibles	363,509	-	160,073	523,582
Other assets	17,969	112,089	130,870	260,928
Payables	(79,844)	-	(16,200)	(96,044)
Other liabilities	(40,840)	(91,210)	(476,074)	(608,124)
Identifiable assets acquired and liabilities assumed	**414,826**	**49,025**	**(165,716)**	**298,135**
Goodwill	**4,585,174**	**3,774,103**	**1,636,626**	**9,995,903**
Cash outflow on acquisition	**-**	**-**	**-**	**-**

The value of goodwill includes the cost of the performance consideration for both Makesure: $800,000 and Infocept: $600,000 (totalling: $1,400,000) if each entity meets agreed revenue targets in the 2021 financial year.

The apportionment of goodwill has not yet been assessed; hence the goodwill calculation is on a provisional basis.

NOTE 13: GOODWILL

	Note	Consolidated Group	
		2020	**2019**
		$	**$**
At cost		9,995,903	-
Accumulated impairment losses		(7,467,442)	-
Net carrying amount	a	**2,528,461**	-
a. **Movements in carrying amounts**			
Balance at the beginning of the reporting period		**-**	-
Additions through business combinations		9,995,903	-

	Note	Consolidated Group	
		2020	2019
		$	$
Accumulated impairment losses		(7,467,442)	-
Balance at the end of the reporting period		**2,528,461**	-

b. **Impairment assessment of goodwill**

The carrying amount of goodwill is allocated to cash-generating units (CGUs) (being relevant subsidiaries to which goodwill relates), which represent the lowest level at which goodwill is monitored by management. An impairment amount of $7,467,442 (2019: Nil) has been recognised in respect of goodwill for the years ended 30 June 2020. The key assumptions used in calculating the recoverable amount included a calculation of cashflow projections based on the most recent financial budgets/forecast approved by management in accordance with AASB 136. In calculating the value in use, the cash flows over a 5-year period have been discounted at 25%.

NOTE 14: RIGHT TO USE ASSETS

The option to extend or terminate are contained in several of the property leases of the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of use asset.

(i) AASB 16 related amounts recognised in the balance sheet

	2020
	$
Leased Building	658,817
Accumulated amortisation	123,405
Total Right of use asset	535,412

Movement in carrying amounts:

Leased Buildings:	
Recognised on Initial application of AASB 16 (previously classified as operating leases under AASB 117)	658,817
Depreciation expense	123,405
Net carrying amount	535,412

(ii) AASB 16 related amounts recognised in the statement of profit or loss

	2020
	$
Depreciation charge related to right-of-use assets	
Interest expense on lease liabilities	29,063

NOTE 15: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2020	2019
	$	$
Trade payables	818,031	231,952
	818,031	**231,952**

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value. Trade payables are non-interest bearing and are generally settled on 30 day terms.

NOTE 16: CONTINGENT CONSIDERATION

	Consolidated Group	
	2020	2019
	$	$
Contingent consideration	1,400,000	-
	1,400,000	**-**

Contingent consideration includes the performance consideration for both Makesure: $800,000 and Infocept: $600,000 (totalling: $1,400,000) if each entity meets agreed revenue targets in the 2021 financial year. Refer Note 12 for further details

NOTE 17: INTEREST BEARING LOANS AND BORROWINGS

	Note	Consolidated Group	
		2020	2019
		$	$
Loans from related parties (current)	i	78,431	415,960
Loan from R&D financing (current)		416,650	338,437
Other loans		5,028	**-**
Total current		**500,111**	**754,397**
Loans from related parties (non-current)	i	-	-
Total non-current		**-**	**-**
		500,111	**754,397**

i. Loans from related parties are made up of the following;

	Amount 2020 $	Amount 2019 $	Interest rate p.a.	Maturity date
Loan A	32,874	96,479	10%	30 June 2020
Loan B	-	47,067	15%	30 June 2020
Loan C	45,557	44,200	10%	30 June 2020
Loan D	-	168,034	11%	30 June 2020
Loan E	-	60,180	10%	30 June 2020
Current Loans	**78,431**	**415,960**		

- Loan A, B and C are secured by the assets of the Company.
- Loan D is secured by the R&D tax incentive return of the Company.
- Loan E is not secured.

NOTE 18: NON-INTEREST-BEARING LOANS AND BORROWINGS - CURRENT

	Consolidated Group	
	2020	**2019**
	$	**$**
Non-interest bearing loans (current)	583,566	483,741
Non-interest bearing loans (non-current)	**-**	**-**
	583,566	**483,741**

Non-interest bearing loans have no interest applied to the borrowings and are not repayable within a set time. Non-current interest bearing loans have no interest applied to the borrowings and mature on 30 June 2020.

NOTE 19: CONVERTIBLE NOTES

	2020	**2019**
	$	**$**
Convertible notes (Type A)	-	100,000
Convertible notes (Type B)	-	25,000
Convertible notes (Type C)	950,000	-
Interest on convertible notes	46,027	6,484
	996,027	**131,484**

	Type A
Issue date:	April 2019
Maturity date:	October 2020 or Upon IPO of DIG

Price per note:	$10,000 notes to be converted into $15,000 of shares at the time of conversion
Interest:	18%
Conversion by the note holder:	The noteholder may convert the notes at any time up to maturity date.

	Type B
Issue date:	March 2019
Maturity date:	6 months from issue date or extended by mutual agreement
Price per note:	250,000 shares for every $25,000
Interest:	20%
Conversion by the note holder:	The noteholder may convert the notes at any time up to maturity date on a one note for one share basis.

	Type C
Issue date:	$450,000 on September 2019 and $500,000 April 2020
Maturity date:	24 months from issue date or extended by mutual agreement
Price per note:	15% discount on 30 Day VWAP
Interest:	10%
Redemption by the Company:	The Company may redeem the notes at any time up to maturity date by repaying the loaned amount and any interest accrued.

NOTE 20: PROVISIONS

	Consolidated Group	
	2020	**2019**
	$	**$**
Employee benefits	166,235	46,042
	166,235	46,042

NOTE 21: TAX ASSETS AND LIABILITIES

The Group has unrecognised tax losses and temporary differences which have not been assessed or recognised by the Group at 30 June 2020 on that basis that it is not probable that future taxable profits will be available against which Digital Investment Group Ltd can utilise the benefits therein.

NOTE 22: EQUITY AND RESERVES

(a) Contributed Equity

	2020 Number	**2020 $**	**2019 Number**	**2019 $**
Fully paid ordinary shares	306,452,611	18,545,865	92,115,525	8,345,035

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(b) Share options
During the year ended 30 June 2020, no options were granted (2019: Nil).

NOTE 23: EVENTS AFTER THE REPORTING PERIOD

Since the end of the reporting period, the Group continues to engage with the ASX listed company on the takeover/merger of the Group. The Company's continued effort to develop the current businesses and through realignment of the business current structure with the intention of moving towards the acceptance of a takeover or merger offer from a public listing company. With regards to that, the Company has been actively engaged in an ongoing negotiation for the past 6 months and continues to do so. The Group continues to be engaged in a comprehensive due diligence process to support the takeover/merger offer so the Group will become part of the publicly listed company on the ASX supported by a capital raise of no less than $5.5M to fund the business. The terms of the proposed arrangement will be beneficial to shareholders in the opinion of the Board.

The COVID-19 pandemic has created unprecedented uncertainty of the economic environment. Actual economic events and conditions in future may be materially different from those estimated by the group at the reporting date. In the event the COVID-19 pandemic impacts are more severe or prolonged than anticipated, this may have further adverse impacts on the group. At the date of the annual report, an estimate of the future effects of the COVID-19 pandemic on the group cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown.

Further considerations in relation to the COVID-19 pandemic are included in the going concern disclosure on page 17 and Note 1 to the consolidated financial statements.

On the 6 July 2020, the Company received a letter from the ATO outlining finding of the ATO audit. These findings are being reviewed by the Company. Refer to Note 27 for further details.

NOTE 24: RELATED PARTY TRANSACTIONS

Related Parties

The Group's main related parties are as follows:

a. **Key management personnel**

   Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel.

   For details of disclosures relating to key management personnel, refer to Note 3.

b. **Entities subject to significant influence by the Group**

   An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

   For details of interests held in associates, refer to Note 26.

c. **Other related parties**

   Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their close family members.

Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Consolidated Group	
		2020	**2019**
		$	**$**
(i)	*Non-interest bearing loans*		
	Directors, associates and employees have made loans to the Consolidated Group. These loans are interest free, unsecured and expire on a mutually determined date	435,944	483,741
(ii)	*Interest bearing loans*		
	Directors, associates and employees have made loans to the Consolidated Group. These loans are interest bearing, unsecured and expire 30 June 2020	-	415,961

NOTE 25: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2020	**2019**
		$	**$**
Financial assets			
Financial assets at amortised cost:			
– cash and cash equivalents	7	192,610	43,294
– receivables	8	395,234	36,576
Total financial assets		**587,844**	**79,870**
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	15	818,031	231,952
– borrowings	17,18, 19	2,079,704	1,369,622
- Lease liabilities	14	570,992	-
Total financial liabilities		**3,468,727**	**1,601,574**

NOTE 26: INTERESTS IN SUBSIDIARIES

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the parent entity. The assets, liabilities, income and expenses of the subsidiaries have been consolidated on a line-by-line basis in the consolidated financial statements of the Group. Each subsidiary's principal place of business is also its country of incorporation or registration.

Companies that formed the Digital Investment Group as at 30 June 2020 were:

Name	ACN	2020	2019
DIG Digital Services Pty Ltd (previously Avant Garde Agency Pty Ltd)	606 957 135	100%	100%
DIG Managed Services Pty Ltd	628 132 230	100%	100%
DIG IP Holdings Pty Ltd (previously Startup in A Box Pty Ltd)	609 286 106	100%	100%
DIG Automotive and Financial Services Pty Ltd	164 969 180	100%	-
Our Credit Team Pty Ltd	637 370 677	50%	-
National Fleet Finance and Insurance Pty Ltd	154 889 960	100%	28.2%
Dealer Trade Exchange Pty Ltd	638 573 869	64.3%	-
Makesure Consulting Pty Ltd	168 163 666	100%	-
Makesure NZ Pty Ltd	NZBN: 9429042423874	100%	-
Infocept Pty Ltd	603 862 380	100%	-
App Insight Pty Ltd	622 161 086	-	100%
Automotive Investment Holdings Pty Ltd	169 822 913	-	100%
Hoo Works Pty Ltd	608 712 974	-	100%
Miiy Pty Ltd	150 213 568	-	100%
Next Asset Finance Pty Ltd	628 462 377	-	100%
The Gippslander Pty Ltd	146 538 623	-	100%
ZenTix Pty Ltd	613 006 901	-	90%
Home Connector Group Pty Ltd	606 173 282	-	50%

** Percentage of voting power in proportion to ownership*

The entities which the Group no longer control where de-registered or placed in administration

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

b. Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

NOTE 27: CONTINGENT LIABILITIES

At 30 June 2020, the Digital Investment Group is in the process of being reviewed by the ATO regarding GST input tax credits for the period from 1 July 2016 to 30 June 2019 and its R&D tax incentive claim in the year from 1 July 2016 to 30 June 2017. The ATO has advised the Group that it intends to disallow GST input tax credits of $121,533 and to disallow the R&D tax offset claim of $1,119,437. The ATO has provided the Group with a paper setting out its findings. The Group has provided a detailed response to the ATO in which it disputes both the entitlement of the ATO to undertake the audit of its R&D tax incentive claim in the year from 1 July 2016 to 30 June 2017 (especially as it undertook a pre-payment audit of that claim before payment in 2018). Separately, in the alternative, even if the ATO is entitled to undertake the review, the Group disputes categorically the ATO's conclusions in respect of both the GST input tax credits and R&D tax incentive claims as being contrary to the weight of evidence in support of payment of the disputed amounts. The Group intends to fully contest the ATO's findings. Should any review of the findings or any proceedings instituted by the Group to contest the ATO's findings not be resolved in favour of the Group, the Group may be liable to repay the disputed amounts plus additional tax, interest and penalties.

NOTE 28: COMPANY DETAILS

The registered office of the Company is:
Digital Investment Group Ltd
Suite 1, Level 7, 10 Queens Road
Melbourne VIC 3004

The principal place of business is:
Digital Investment Group Ltd
Suite 1, Level 7, 10 Queens Road
Melbourne VIC 3004

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Digital Investment Group Ltd, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 3 to 47 are in accordance with the *Corporations Act 2001* and:
   a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
   b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Consolidated Group.
2. In the directors' opinion there are reasonable grounds to believe that Digital Investment Group Ltd will be able to pay its debts as and when they become due and payable.

Director
Steve Prideaux

Dated this 7 day of September 2020

Moore Australia Audit (VIC)
Level 18, 530 Collins Street
Melbourne Victoria 3000
T +61 3 9608 0100
Level 1, 219 Ryrie Street
Geelong Victoria 3220
T +61 3 5215 6800
victoria@moore-australia.com.au
www.moore-australia.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DIGITAL INVESTMENT GROUP LIMITED & CONTROLLED ENTITIES

Opinion

We have audited the accompanying financial report of Digital Investment Group Limited & Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In our opinion:

a. the financial report of Group is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2020 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*;

Material Uncertainty Related to Going Concern

We draw attention to *Note 1(a) – Preparation of financial statements on a going concern basis* in the financial statements, which identifies that during the year ended 30 June 2020 the Group incurred a consolidated net loss of $10,124,399 (2019: $2,136,745), had net cash outflows from operating activities of $645,442 (2019: $1,596,596), had current liabilities that exceeded its current assets by $4,679,625 (2019: $1,831,648) and a net asset deficiency of $1,518,304 (2019: $1,602,526). These events and conditions, along with other matters as set forth in Note 1(a), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

The directors have stated that the Group's ability to continue to operate as a going concern is dependent upon the items in Note 1, with specific emphasis placed on paragraph (a) being the proposed merger/acquisition transaction eventuating. Should these events not occur as anticipated, the Group is unlikely to be able continue as a going concern, including realising its assets and extinguishing its liabilities at the amounts shown in the financial statements. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Contingent Liabilities

We draw attention to Note 27 in the financial statements, which discloses that the Group is currently under review by the Australian Tax Office regarding its historical research and development claims received, income tax and GST returns. A final determination on the matter has not been reached at the date of this report and the possible outcome is uncertain. Consequently, the financial statements have not included any amounts regarding tax liabilities or penalties, if any, should the review not go in the Group's favour. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of *Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australia Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Moore Australia

MOORE AUSTRALIA AUDIT (VIC)
ABN 16 847 721 257

GEORGE S DAKIS
Partner
Audit and Assurance

Melbourne, Victoria

7 September 2020