

Digital Investment Group Limited and controlled entities

ACN 608 992 534

Financial Report for the Year Ended 30 June 2023

Contents

Directors' report	3
Auditors Independence Declaration under 307C of the Corporations Act 2001	10
Consolidated Statement of profit or loss and other comprehensive income	11
Consolidated statement of financial position	12
Consolidated Statement of changes in equity	14
Consolidated Statement of cash flows	15
Notes to the financial statements	16
Directors' declaration	45
Independent audit report	46

DIRECTORS' REPORT

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2023.

Directors

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

		Appointed	Resigned
Don Clarke	(Non-executive Director)	28 Oct 2015	-
Steve Prideaux	(Chief Executive Officer and Company Secretary)	28 Oct 2015	-
Gordon Jenkins	(Non-executive Director)	28 Oct 2015	19 Aug 2022
Gerard Mullins	(Non-executive Director)	28 Oct 2015	-

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

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 2020.

Gordon Jenkins resigned as a Director of the Company in August 2022. No director has been appointed in his place.

Don Clarke LL.B. (Hons)

Independent, Non-Executive Director

Don is a former 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
- Zoono Group Limited

He is a former director of ASX listed companies - Opthea Limited, Avecho Biotechnology Limited, Polynovo Limited and WCM Global Long Short 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 a significant shareholder, Steve has over 30 years of management experience in the retail, licensing and franchising sector and has won several prestigious industry awards, State and National, excellence.

Prior experience includes the role of Vice President of Commercial Operations APAC for NYSE listed Blockbuster Inc. During his period of leadership, the Company grew from 9% market share to well over 30% and progressed 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 business was sold to Blockbuster in 2002).

Steve joined the DIG Group officially in February 2012 with Miiy Pty Ltd and is a passionate brand builder and has successfully coached and mentored several successful entrepreneurs in recent times.

Gerard Mullins MBA, FAICD, FAIM

Independent, Non-Executive Director (since 2015)

Gerard Mullins is an experienced company director and business builder. Gerard has held executive roles with Pacific Dunlop, Australian Defence Industries and Illinois Tool Works. He founded ASTA Solutions Pty Ltd in 1999 and grew and diversified that business before divesting it in 2014.

Gerard founded a boutique IT consulting business - Mullins Advisory Pty Ltd in 2014. It offers specialist IT strategy development services, ICT project management, virtual CIO services and ICT risk and governance assessments to its clients.

Gerard has qualifications and experience in risk management, ICT governance, application development, project management and ICT budgeting.

Gerard is also engaged in a number of roles on advisory and non-profit boards.

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 sectors with minimal barriers to entry. Gordon has held several executive roles, including at Merrill Lynch, UBS, Deutsche Bank, NAB as well as senior management and non-executive board 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 sciences, Gordon is board member and trustee of the Lungititude Foundation for Heart & Lung Transplant Recipients.

Directors' Interest in Shares and Options

Directors' relevant interests in shares of the Company or options over shares in the Company are detailed below.

	Ordinary Shares	Options
Don Clarke	5,620,458	-
Gerard Mullins	3,128,958	-
Steve Prideaux	28,604,546	-

The above information includes shares held directly by the Directors and indirectly by 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
Don Clarke	4	4
Gerard Mullins	4	4
Steve Prideaux	4	4

Review of Operations

General Overview

FY23 was a challenging year after the substantial growth experienced in the prior year. The company focussed its efforts on building new platforms, system enhancements, cost reductions and building a foundation for sustainable revenue growth.

Two of our three business units being Makesure and National Fleet experienced revenue growth whilst the Infocept revenue declined which we put down to the urgent post covid acceleration in the prior year that we were a beneficiary of.

The Company also invested a significant amount in the creation of a Commonwealth Government Certified Digital Identity Verification Platform which will launch at the start of 2024.

With revenue of \$A11.25M for the year from our legacy business units and with early-stage SaaS platforms launched, the company is in its best position ever to achieve our goal of creating a strong, profitable Group delivering positive growth for our shareholders.

Set out below is a brief overview of each of the operating businesses of the Group:

1: Workplace Solutions (Makesure Consulting & Ratify)

Makesure Consulting Pty Ltd is a 100% owned subsidiary of the Company. In FY23, the business generated in excess of A\$4.25M in sales revenue, which was a nice steady growth from the A\$4.175M for the prior year.

Makesure operates a SaaS business in Australia and New Zealand which specialises in on-line background and qualification checks including but not limited to CV checks, police checks, immigration and working with children certification checks.

Its proprietary software (marketed under the 'Ratify' brand, enables employers, employees, and sub-contractors to share identification documents quickly and easily, workplace policies, qualifications, proof of compliance, training certifications, association registrations and inductions. The company uses AI (artificial intelligence) solutions to streamline applications, improve accuracy, expedite deliveries, and improve operating margins.

The company was awarded the rights to be a Digital Verification Service for the Commonwealth Government and has further developed and enhanced platforms to accommodate this expansion of services which is now complete and will launch in early 2024.

Makesure's clients/customers include RACV, MetCash, Chandler McLeod, Rentokil, AFL, Linfox, Scania, Metricon, World Vision, Anglicare, Haliburton, Australian National University, Virgin Australia, and several major operators in the labour hire industry.

2: Construction Solutions (Infocept & Colobbo)

Infocept Pty Ltd is another 100% owned subsidiary of the Company. It is a workflow solutions company which is primarily engaged in patch work contractor by National Broadband Network (NBN).

Infocept also owns 'Colobbo' - a live app solution for contract pricing works well suited for use by clients in the construction and property development industries. Colobbo has been successfully trialed and launched with Decon and Fulton Hogan for the NBN rollout.

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

In FY23, Infocept generated revenue of A\$5.9M which was a reduction from prior surge in infrastructure work which last year delivered A\$8.4M in revenue.

Further, assuming no major change in economic conditions, Infocept expects to be able to further grow its contract revenues over the long term (3-5 years) and expand its geographic footprint given the number and size of the infrastructure opportunities (both existing and new projects) available to it.

3: Financial Solutions: (National Fleet Finance & Insurance, Next Asset Finance, Our Credit Team and Dealer Trade Exchange)

National Fleet Finance and Insurance Pty Ltd (NFFI) is another 100% owned subsidiary of DIG. It is the entity within the Group focussed on building new businesses and offering innovative (digital) solutions in the finance industry. NFFI is in the early stages of commercialising its platforms.

NFFI provides both wholesale and retail services to the finance industry (under a credit licence). At a wholesale level, it is predominantly focused on providing vehicle leasing, salary packaging and digital credit procurement / broking services to car dealerships across Australia. It also undertakes some mortgage broking services.

In FY23, the company delivered A\$859K in revenue which was a 18% increase on the prior year's result of \$726K.

At a retail level, NFFI operates as Next Asset Finance and provides asset and mortgage financial solutions.

NFFI is also a partner in the launch of a new, innovative, digital platform - 'Our Credit Team' (OCT). In simple terms, OCT facilitates the online application and approval of credit. The OCT solution is now commercially launched through the 'My Lifestyle' digital platform and is actively being marketed to a broad commercial audience with positive results.

The company has also continued to park the Dealer Trade Exchange platform and will look to recommence development plans as part of our broader automotive dealership platform strategy.

4: Digital & Managed Services and Incubation: (Avant Garde Agency, ZenTix and Start Up in A Box).

Whilst the company still holds intellectual property, platforms, and expertise, strategically the Board has decided to focus on the three key pillars of the business with an investment of working capital focus on Makesure, Infocept and Finance.

5: Disallowance of R&D tax credits and GST input credits

In FY21, the Company reported that the ATO had issued new assessments for the Company's FY17 R&D tax credit and for GST input credits claimed by the Company over a four-year period to FY20. Together with penalties and interest, the revised assessments were for in excess of \$2.0M.

The company has held several meetings during with objection process with the ATO who have advised that they expect a final ruling very early in 2024. The company expects a materially better outcome than the conservative allowance we have prepared for in our financial results.

6: Capital Raising

During the year ended 30 June 2023 the Company issued convertible notes to the value of approximately \$2.8M which are due to mature. The funds were used to reduce outstanding liabilities of the Group, to further fund software platform development and provide working capital.

7: Market and Subsequent Events

During the year the company met with a significant number of broking and advisory firms with a view to list the company on the Australian Stock Exchange. The considered and most consistent view was the Australian market would not sustain a listing of a tech company in the present economic environment. This is witnessed by the complete lack on any real successful listings of companies outside of mining interests in the past 18 months.

The Board has however been actively engaged in negotiations for potential mergers, takeovers, and reverse listing strategies. The Board is committed to maximising shareholder value and looking at market event opportunities to prove potential exit strategies over time for shareholders.

Finally, the company completed its 5-year lease of our offices in Queens Road Melbourne and has relocated to a shared environment further down St Kilda Rd at a substantial cost benefit to the company.

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



Steve Prideaux
Chief Executive Officer

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

Subsequent to the end of the 2023 financial year the Company appointed an additional Director to the Finance Divisions of DIG (National Fleet Finance and Insurance Pty Ltd, Our Credit Team Pty Ltd and DIG Automotive and Financial Services Pty Ltd. Mr Scott Maclean is highly regarded professional in the mortgage industry and will be helping us grow that part of the business. Mr Maclean invested \$200,000 (net of any costs) in December 2023. Further to this the Company raised \$500k through a direct equity placement into National Fleet Finance and Insurance Pty Ltd.

Further, subsequent to 30 June 2023, note holders of Digital Investment Group Limited granted deferral of convertible notes to 31 December 2024. Notes were initially convertible at 31 December 2023.

Except for the above, no other matters or circumstances have arisen since the end of the financial period that 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 also 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

No dividends have been 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 7th day of February 2024



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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit

Ashfords Audit and Assurance

Ashfords Audit and Assurance Pty Ltd
Chartered Accountants

Ryan H. Dummett
Director

9 February 2024
Level 3, 148 Logis Boulevard, Dandenong South, Vic 3175

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE
2023**

	Note	Consolidated Group	
		2023	2022
		\$	\$
Revenue	4	10,930,171	13,420,265
Income from government grants		188,968	15,000
Other Income		129,953	34,980
Total Revenue		11,249,092	13,470,245
Less:			
Impairment/Write Down of Assets		28,549	14,971
Consultants		290,359	447,484
Cost of sales		8,585,728	10,800,285
Depreciation and Amortisation	5	158,648	173,098
Directors Fees		90,000	73,500
Interest Expense		298,815	352,987
Marketing		115,098	115,887
Legal expenses		8,224	30,269
Office & Communication Costs		579,140	237,570
Other expenses from ordinary activities		450,995	214,789
Professional fees		522,920	413,529
Salaries		2,327,414	2,380,631
Software Development		76,498	261,232
Travel		39,219	39,588
Total Expenses		13,571,607	15,555,820
Loss before income tax		(2,322,515)	(2,085,575)
Income tax expense	7	(45,895)	45,895
(Profit)/Loss attributable to non-controlled Equity Interest		31,764	16,494
Loss for the year from continuing operations		(2,336,646)	(2,114,976)
Loss from discontinued operations		-	-
Loss for the period attributable to the ordinary equity holders of DIG Limited		(2,336,646)	(2,114,976)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE
2023**

	Note	Consolidated Group	
		2023	2022
		\$	\$
Current Assets			
Cash and cash equivalents	8	229,060	436,573
Trade and other receivables	9	2,128,464	2,274,352
Other current assets		330,679	194,982
Total Current Assets		2,688,203	2,905,907
Non-Current Assets			
Investments accounted for using the equity method	10	-	14,108
Right of use assets	11	46,799	205,448
Total Non-Current Assets		46,799	219,556
Total Assets		2,735,002	3,125,463
Current Liabilities			
Trade and other payables	12	2,896,068	2,867,338
Warranty		271,705	206,919
Interest-bearing loans and borrowings	13	100,000	659,798
Non-interest-bearing loans and borrowings	14	193,169	369,605
Convertible Notes	15	3,043,950	-
Lease liability	11	50,763	140,524
Tax liabilities		2,423,763	2,985,161
Provisions	16	603,568	172,117
Other liabilities		130,000	178,770
Total Current Liabilities		9,712,986	7,580,232
Non-Current Liabilities			
Lease liability		6,115	98,458
Provisions		40,794	113,004
Total Non-Current Liabilities		46,909	211,462
Total Liabilities		9,759,895	7,791,694
Net Assets		(7,024,893)	(4,666,231)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE
2023**

	Note	Consolidated Group	
		2023	2022
Equity			
Contributed Equity	18	23,195,200	23,185,200
Foreign currency translation reserve		(135)	115
Opening Accumulated Losses		(27,789,445)	(25,674,468)
Net gain (loss) attributable to members		(2,336,646)	(2,114,976)
Total Parent Entity Interest		(6,931,026)	(4,604,129)
Non-controlled equity interest		(93,867)	(62,102)
Total Equity		(7,024,893)	(4,666,232)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE
2023**

	Issued Capital	Non- controlled Interest	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 30 June 2021 (NOTE 22)	19,615,150	(45,608)	(25,674,427)	(6,104,885)
Comprehensive income				
Loss for the year	-	-	(2,114,976)	(2,114,976)
Discontinued operations	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	(2,114,976)	(2,114,976)
Transactions with owners, in their capacity as owners				
Issue of share capital net of transaction costs	1,788,423	-	-	1,788,423
Share-based payments	642,187	-	-	642,187
Conversion of loans to share capital	1,139,440	-	-	1,139,440
Foreign currency transaction reserve movement	-	-	73	73
Total transactions with owners	3,570,050	-	73	3,570,123
Non-controlled equity interest movement	-	(16,494)	-	(16,494)
Balance at 30 June 2022	23,185,200	(62,102)	(27,789,330)	(4,666,232)
Comprehensive income				
Loss for the year	-	-	(2,336,646)	(2,336,646)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	(2,336,646)	(2,336,646)
Transactions with owners, in their capacity as owners				
Issue of share capital net of transaction costs	10,000	-	-	10,000
Share-based payments	-	-	-	-
Conversion of loans to share capital	-	-	-	-
Foreign currency transaction reserve movement	-	-	(250)	(250)
Total transactions with owners	10,000	-	(250)	9,750
Non-controlled equity interest movement	-	(31,765)	-	(31,765)
Balance at 30 June 2023	23,195,200	(93,867)	(30,126,226)	(7,024,893)

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE
2023**

	Consolidated Group	
	2023	2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	11,171,459	11,917,984
Receipts from government assistance	188,968	15,000
Interest received	11	1
	(85,725)	(352,986)
Payments to suppliers and employees	(13,418,924)	(12,717,309)
Net cash inflow/(outflow) from operating activities	(2,144,211)	(1,137,310)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	-	(1,556)
Net cash inflow/(outflow) from investing activities	-	(1,556)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	10,000	1,788,423
Proceeds from other financing actives	2,620,164	80,107
Repayment of borrowings	(526,777)	(337,736)
Repayment of lease liability	(166,689)	(152,232)
Net cash inflow/(outflow) from financing activities	1,936,698	1,378,562
Net increase (decrease) in cash held	(207,513)	239,696
Cash at the beginning of the period	436,573	196,877
NET Cash at end of the period	229,060	436,573

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 9 February 2024 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 – Simplified 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 22.

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 2023, the Group incurred a net loss of \$2,336,646 (2022: \$2,114,976), had net cash outflows from operating activities of \$2,144,211 (2022: \$1,137,310) and, as at 30 June 2023, the Group's current liabilities exceeded its current assets by \$7,024,784 (2022: \$4,674,325). At 30 June 2023, the Group had \$100,000 (2022: \$659,798) in interest bearing loans. And \$193,169 (2022: \$369,605) in non-interest bearing debts which are past their maturity date. At 30 June 2023 the Group also had \$3,043,950 convertible notes (2022: \$0) (inclusive of interest).

In determining that the 'going concern' basis is appropriate, and 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 Directors have had regard to:

- a. The Company's continued efforts to develop its businesses, raise new capital and sell off assets. The Company has actively engaged in the financial year under review with investment bankers and brokers to raise new capital. During the year, the Company successfully issued convertible notes of \$2,836,730 (2022: \$0). The Group also has plans to list on the Australian Stock Exchange. This will assist in the raising of additional capital where it does occur.
- b. The continued preparedness of many creditors not to call debts, loans and/or other liabilities (totalling \$193,169 (2022: \$1,029,403)) which are past their due dates within the next 12 months or until the Group has the capacity to repay these debts.
- c. In the financial year 2022 the Company was issued with a revised notice of assessment by the ATO following the disallowance by the ATO of GST input tax credits of \$121,533 (FY16 to FY19) and of R&D tax credits of \$1,119,437 (FY17). Together with interest and penalties, on a consolidated basis, the revised assessments were for an amount of \$2,562,156 at the time of the assessment (refer Note 6). The Company has lodged notices of objection challenging the revised assessments and believe it has a strong case to overturn or, at the least, materially reduce the ATO's revised assessments of both the Group's claimed GST input tax credits for FY16 to FY19 and its R&D tax credits for FY17. The Company has yet to have a response from the ATO in relation to the matter.
- d. In the 2024 financial year, the Company has potential to enter into an investment transaction through the issuance of new shares in Digital Investment Group Ltd. The transaction has potential to raise between \$2 million and \$5 million. The agreement is not legally binding.
- e. In the 2024 financial year, the Company Obtained Commonwealth Government accreditation as a Digital Identity Verification Service. The Company has a range of Australian Blue-Chip Companies currently being onboarded for launch.

While the Directors are confident the Group will be able to continue as a going concern, its ability to do so is clearly dependent upon the items listed above, with specific emphasis placed on; (a) [the Company's ability to continue to raise new capital and sell off assets] and (b) [the expected continuance of forbearance by certain creditors]. If the events noted in paragraphs (a) and (b) above, or the other events noted above, do not occur as anticipated, the Company is unlikely to be able to pursue its business objectives and it 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 (i.e. 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 (i.e. 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 (i.e. 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 (i.e. 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 (i.e. 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 investment's 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 (i.e. diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial asset 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 (e.g. 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 (e.g. 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 and salaries 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 a 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 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.

I. 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 and other Income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams:

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

Revenue from the provision of each revenue stream is recognised when the services are rendered.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

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.

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.

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.

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

The Group has adopted all standards which become effective for the first time at 30 June 2023, none of the standards adopted have a material impact on the reported financial performance or position of the Group.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
2023**

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:

	2023	2022
	\$	\$
Statement of Financial Position		
ASSETS		
Current assets	22,205	36,789
Non-current assets	5,844	7,438
TOTAL ASSETS	28,049	44,227
LIABILITIES		
Current liabilities	5,256,338	2,641,618
Non-current liabilities	106,115	7,516
TOTAL LIABILITIES	5,362,453	2,649,134
EQUITY		
Issued capital	23,195,199	23,185,199
Retained earnings	(28,529,603)	(25,790,106)
TOTAL EQUITY	(5,334,404)	(2,604,907)
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/(loss)	(2,739,497)	(6,643,424)
Total comprehensive income/(loss)	(2,739,497)	(6,643,424)

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

There are no contingent liabilities

Contractual commitments

At 30 June 2023, Digital Investment Group Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2022: 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	
	2023	2022
	\$	\$
Cash	341,095	348,674
Ordinary shares	-	25,000
Key management personnel compensation	341,095	373,674

NOTE 4: REVENUE

	Consolidated Group	
	2023	2022
	\$	\$
Identification checks	4,329,393	4,223,950
Telecommunication infrastructure	5,699,587	8,395,210
Design, Creative & Content	22,062	45,595
Finance commissions	879,129	755,510
	10,930,171	13,420,265

Disaggregation of revenue from contracts with customers

Timing of revenue recognition

- At a point in time	10,930,171	13,420,265
- Over time	-	-
Revenue from contracts with customers	10,930,171	13,420,265

Type of contract

- Provision of services - fixed price	10,908,109	13,374,670
- Provision of services - hourly rate contracts	22,062	45,595
Revenue from contracts with customers	10,930,171	13,420,265

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to long-term performance obligations which are partially satisfied at 30 June

223,382	206,919
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Management expects that 100% of the transaction price allocated to the unsatisfied performance obligations as of 30 June 2023 will be recognised as revenue during the next reporting period.

NOTE 5: DEPRECIATION AND AMORTISATION

	Consolidated Group	
	2023	2022
	\$	\$
Depreciation	-	15,513
Amortisation of intangibles	-	45,577
Amortisation of right to use assets	158,648	112,008
	158,648	173,098

NOTE 6: HISTORICAL TAX ASSESSMENT

On the 6 July 2020, the Company received a letter from the ATO outlining its initial finding of a tax audit regarding GST input tax credits for the period from 1 July 2016 to 30 June 2020 and R&D tax incentive claim in the year from 1 July 2016 to 30 June 2017.

On about 5 May 2021 the ATO concluded its audit and issued an Audit Finalisation letter. The ATO has advised the Group that it has disallowed GST input tax credits of \$121,533 and disallowed the R&D tax offset claim of \$1,119,437. The ATO notified the Company that it had amended the assessment of GST and income tax for the periods 1 July 2016 to June 2019 and 30 June 2017 respectively. On a consolidated basis the revised assessment indicated that the Company owed \$2,172,227 in disallowed GST credits and R&D tax offset (including penalties).

In June 2021 the Company lodged its objection to the ATO's findings. While the outcome of the objections is still uncertain the Company believes that it has a strong case to reverse the ATO audit findings. Should the 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 will be liable to repay the disputed amounts plus additional tax, interest and penalties.

NOTE 7: INCOME TAX EXPENSE

	Consolidated Group	
	2023	2022
	\$	\$
a. The components of tax expense comprise:		
deferred tax expense / (benefit)	(45,895)	45,895
	(45,895)	45,895
b. The prima facie tax on profit from ordinary activities before income tax is reconciled as follows:		
Consolidated Group loss before tax expense	(2,368,410)	(2,085,574)
Prima facie income tax at the statutory rate of 25% (2022: 25%)	(592,103)	(521,393)
Tax effect of:		
- Non-assessable income	-	(3,750)
- Non-deductible expenses	56,174	59,881
- Adjustment to income tax not recognised	490,034	511,157
Current tax on profitable unconsolidated subsidiaries for tax purposes	(45,895)	45,895
Income tax attributable to entity	(45,895)	45,895
Weighted average effective tax rates	1.9%	2.2%

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2023	2022
	\$	\$
Cash at bank and on hand	229,060	436,573
	<u>229,060</u>	<u>436,573</u>

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2023	2022
	\$	\$
Trade receivables	1,958,846	2,167,068
Provision for expected credit losses	(75,241)	(62,126)
	<u>1,883,605</u>	<u>2,104,942</u>
Other receivables		
Lease bond	22,176	28,676
Other assets	222,683	140,734
Total current trade and other receivables	<u>2,128,464</u>	<u>2,274,352</u>

The ageing of trade receivables as at 30 June 2023, 86% are less than 30 days (2022: 66% are less than 30 days). There are \$252,623 (2022: \$49,846) trade receivables which are past due and have not been impaired as at 30 June 2023.

NOTE 10: INVESTMENTS

	Consolidated Group	
	2023	2022
	\$	\$
Investment in My Rewards	-	14,108
	<u>-</u>	<u>14,108</u>

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

NOTE 11: 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

	2023	2022
	\$	\$
Leased Building	634,986	634,986
Leased Office Equipment	7,969	7,969
Accumulated amortisation	(596,155)	(437,507)
Total Right of use asset	46,799	205,448

Movement in carrying amounts:

Leased Buildings:

Lease expired	-	(37,609)
Depreciation expense	(158,648)	(112,007)
Net carrying amount	46,799	205,448

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

	2023	2022
	\$	\$
Depreciation charge related to right-of-use assets	158,648	112,007
Interest expense on lease liabilities	25,196	21,748

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	Lease liabilities included in this Statement Of Financial Position
	\$	\$	\$	\$	\$
2023					
Lease liabilities	56,878	-	-	57,210	56,878
2022					
Lease liabilities	140,524	98,458	-	240,578	238,982

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2023	2022
	\$	\$
Trade payables	2,529,331	2,746,535
Other payables	366,737	120,803
	2,896,068	2,867,338

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 13: INTEREST BEARING LOANS AND BORROWINGS

	Note	Consolidated Group	
		2023	2022
		\$	\$
Loans from related parties (current) (Loan A, D)	i	-	322,038
Loan from R&D financing (current) (Loan C)		-	337,760
Loan (Loan E)		100,000	-
Other loans		-	-
Total current		100,000	659,798
Loans from related parties (non-current)	i	-	-
Total non-current		-	-
		100,000	659,798

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

	Amount 2023	Amount 2022	Interest rate	Maturity date
	\$	\$	p.a.	
Loan A	-	13,013	10%	No maturity date
Loan D	-	309,025	4.34%	No maturity date
Current Loans	-	322,038		

- Loan A and B are secured by the assets of the Company.
- Loan C is secured by the R&D tax incentive refund 2018.
- Loan D is not secured.
- Loan E is not secured with an interest rate of 25%, maturing on 30 September 2023.

NOTE 14: NON-INTEREST-BEARING LOANS AND BORROWINGS - CURRENT

	Consolidated Group	
	2023	2022
	\$	\$
Non-interest bearing loans (current)	193,169	369,605
	193,169	369,605

Non-interest bearing loans have no interest applied to the borrowings and are not repayable within a set time. All non-interest bearing loans are not secured.

NOTE 15: CONVERTIBLE NOTES

	2023	2022
	\$	\$
Convertible notes (Type A)	2,836,730	-
Interest on convertible notes	207,220	-
	3,043,950	-

Type A- Unsecured	
Issue date:	August 2022
Maturity date:	31 December 2023 or may be extended by mutual agreement
Price per note:	\$1.00
Interest:	8%
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. If the notes are not converted on or before maturity date, the company may redeem the notes on the maturity date.
Elective conversion:	Notes may be converted to shares in the company at the discretion of the note holder prior to November 2023 or at the discretion of the company between 1 December 2023 and the maturity date.
Early redemption:	No notes may be redeemed early without written approval from the company and note holders.
Conversion:	The price per share is based on an equity valuation of the company of A\$37million. The price will be discounted by 30% in the event of a IPO, trade sale, majority sale or the raising of \$10m in equity to the liquidity event.
Use of funds:	The funds are to be/have been used to pay down existing debt and provide working capital for growth.

NOTE 16: PROVISIONS

	Consolidated Group	
	2023	2022
	\$	\$
Employee benefits	603,568	172,117
	603,568	172,117

NOTE 17: TAX

	Consolidated Group	
	2023	2022
	\$	\$
Current		
Income tax payable of unconsolidated subsidiary for tax purposes	0	45,895
	0	45,895

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:

- tax losses: operating losses \$10,324,853 (2022: \$8,093,982)
- temporary differences: \$234,961 (2022: \$213,172)

The benefits of the above unused tax losses will only be realised if the conditions for deductibility set out in Note 1(b) occur. These amounts have no expiry date.

Deferred tax assets have not been recognised in relation to unused tax losses as they relate to other taxation jurisdictions.

NOTE 18: EQUITY AND RESERVES

(a) Contributed Equity

	2023 Number	2023 \$	2022 Number	2022 \$
Fully paid ordinary shares	354,036,034	23,195,200	353,169,368	23,185,200

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

(b) Share options

During the year ended 30 June 2023, no options were granted (2022: Nil).

NOTE 19: EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the 2023 financial year the Company sold 17.5% of DIG Automotive and Financial Services Pty Ltd for \$200,000 (net of any costs) in December 2023.

Subsequent to the end of the 2023 financial year, the Company did not redeem or convert the convertible notes per Note 15. The Company informed the noteholders that it was considering a conversion of the convertible notes at a rate that was complementary to the Group's current market value.

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

NOTE 20: 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 22.

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	
	2023	2022
	\$	\$
(i) <i>Non-interest bearing loans</i>		
Directors, associates and employees have made loans to the Consolidated Group. These loans are interest free, unsecured and expire on a mutually determined date	165,042	260,422
(ii) <i>Interest bearing loans</i>		
Directors, associates and employees have made loans to the Consolidated Group. These loans are interest bearing, unsecured with no maturity date	4,730	309,025

NOTE 21: 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	
		2023	2022
		\$	\$
Financial assets			
Financial assets at amortised cost:			
– cash and cash equivalents	8	229,060	436,573
– receivables	9	2,128,464	2,274,352
Total financial assets		2,357,524	2,710,925
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	12	2,896,068	2,867,338
– borrowings	13,14,15	3,337,119	1,029,403
- Lease liabilities		56,878	238,982
Total financial liabilities		6,290,065	4,135,723

NOTE 22: 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 2023 were:

Name	ACN	2023	2022
DIG Digital Services Pty Ltd	606 957 135	100%	100%
DIG Corporate Services Pty Ltd	628 132 230	100%	100%
DIG Automotive and Financial Services Pty Ltd	164 969 180	100%	100%
Our Credit Team Pty Ltd	637 370 677	50%	50%
National Fleet Finance and Insurance Pty Ltd	154 889 960	100%	100%
Dealer Trade Exchange Pty Ltd	638 573 869	64.3%	64.3%
Makesure Consulting Pty Ltd	168 163 666	100%	100%
Makesure NZ Pty Ltd	NZBN: 9429042423874	100%	100%
Infocept Pty Ltd	603 862 380	100%	100%

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 23: AUDITOR REMUNERATION

	Consolidated Group	
	2023	2022
Remuneration of the auditor:	\$	\$
- auditing or reviewing the financial statements	35,100	49,020
	35,100	49,020

NOTE 24: CONTINGENT LIABILITIES

There are no contingent liabilities

NOTE 25: COMPANY DETAILS

The registered office of the Company is:

Digital Investment Group Ltd
Unit 02 G, 181-185 St Kilda Road
St Kilda VIC 3182

The principal place of business is:

Digital Investment Group Ltd
Unit 02 G, 181-185 St Kilda Road
St Kilda VIC 3182

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 44 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards – Simplified Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2023 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 7th day of February 2024

Digital Investment Group Ltd and controlled entities

Independent Audit Report to the members of Digital Investment Group Ltd and controlled entities

Report on the Audit of the Financial Report

Disclaimer of Opinion

We were engaged to audit the financial report of Digital Investment Group Ltd and controlled entities (the Group), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for Disclaimer of Opinion

As stated in Note 1 'Preparation of financial statements on the going concern basis' of the financial report, several conditions exist which indicate existence of material uncertainties as to the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. In particular, the following matters and conditions, several of which are interrelated, are of significance:

- During the year ended 30 June 2023, the Group incurred a net loss of \$2,336,646 (2022: \$2,114,976), had net cash outflows from operating activities of \$2,144,211 (2022: \$1,137,310) and, as at 30 June 2023, the Group's current liabilities exceeded its current assets by \$7,024,784 (2022: \$4,674,325). At 30 June 2023, the Group had \$100,000 (2022: \$659,798) in interest bearing loans. And \$193,169 (2022: \$369,605) in non-interest bearing debts which are past their maturity date. At 30 June 2023 the Group also had \$3,043,950 convertible notes (2022: \$0) (inclusive of interest).

-Whilst the Group has lodged notices of objection challenging the revised ATO assessments and believes it has a strong case to overturn or, at the least, materially reduce the ATO's revised assessments of both the Group's claimed GST input tax credits for FY16 to FY19 and its R&D tax credits for FY17, the Group has yet to have a response from the ATO in relation to the matter. Further, we do not have sufficient appropriate audit evidence to determine if the ATO assessment will be overturned or the liability reduced.

- In the 2024 financial year, the Group has potential to enter into an investment transaction through the issuance of new shares in Digital Investment Group Ltd. The transaction has potential to raise between \$2 million and \$5 million. The agreement is not however legally binding. We also do not have sufficient appropriate audit evidence to determine if such an agreement will be entered into and therefore raise the capital.

- In the 2024 financial year, the Group obtained Commonwealth Government accreditation as a Digital Identify Verification Service. Whilst the Group may have a range of Australian Blue-Chip Companies currently being onboarded for launch, we do not have sufficiently appropriate audit evidence to suggest that the accreditation will generate additional revenue and cash flow for the Group.

-Whilst the Group does have plans to list on the Australian Stock Exchange, we do not have sufficient appropriate audit evidence to conclude on whether this will happen.

Digital Investment Group Ltd and controlled entities

Independent Audit Report to the members of Digital Investment Group Ltd and controlled entities

Due to the identification of these interrelated conditions indicating the existence of material uncertainties as to the Group's ability to continue as a going concern, and, the potential interaction of these uncertainties and their possible cumulative effect on the financial report, we are unable to obtain sufficient appropriate audit evidence on which to provide an opinion on the Group's ability to continue as a going concern and therefore be able to realise its assets and discharge its liabilities in the normal course of business. We refer you to note 1 'Preparation of financial statements on the going concern basis' of the financial report, which details the directors assumptions and comments in relation to going concern.

Responsibilities of Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability 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 Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Ashfords Audit and Assurance

Ashfords Audit and Assurance Pty Ltd



Ryan H. Dummett
Director

Level 3, 148 Logis Boulevard, Dandenong South, Vic 3175
9 February 2024