Digital Investment Group Limited and controlled entities

ACN 608 992 534

Financial Report for the Year Ended 30 June 2025

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DIRECTORS' REPORT

The Directors present their report on the Company and its controlled entities for the financial year ended 30 June 2025.

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	(Non-executive Director and Company Secretary)	28 Oct 2015	-
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 is the Company Secretary of Digital Investment Group Limited. Mr Prideaux has been the Company Secretary since 28 October 2015.

Mr Adam Legg was the company secretary appointed on 27 November 2020. Mr. Legg has resigned as Company Secretary on the 22nd August 2025

Don Clarke LL.B. (Hons)

Independent, Non-Executive Director since 201
Don is a former corporate lawyer with over 25 years experience as a partner of one of Australia's largest law firms. He has extensive commercial law and business experience across a broad range of industries.
Don is currently a non-executive director of two ASX listed companies (Webjet Group Limited and Zoono Group Limited). He is also a director of several other unlisted public and private companies..

Steve Prideaux MBA, Dip Mgmt., Dip Bus

Executive Director and Company Secretary since 2015 (Former CEO)

Steve joined the DIG Group in February 2012 as CEO of Miiy Pty Ltd. As well as being our founder and a significant shareholder, he has over 30 years executive experience in the franchising, licensing, retail, finance and technology sectors.

Steve is a passionate brand builder who coaches and mentors several clients through his firm Daintree Advisory and is a not for profit board member of Rafiki Mwema, a leading charity organisation in Kenya and Africa and Mossman Support Services who provide a wide range of Community based Programs in Disability, Domestic Violence, Youth and Indigenous Services.

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 ICT consulting business - Mullins Advisory Pty Ltd in 2014. It offers specialist ICT strategy development services, ICT project management, virtual CIO services and ICT (including cyber-security) risk and governance assessments to its clients. AI adoption services were added to the service catalogue in 2024

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.

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	2	2
Gerard Mullins	2	2
Steve Prideaux	2	2

Management

Rob Wallace, Executive Leader, Strategic Tech Solutions Driver, Business Growth Expert

Rob Wallace is a seasoned executive with extensive experience in the Australian recruitment industry, where he has built and led high-performance teams, driven business growth, and delivered innovative solutions to meet the evolving needs of clients and candidates. With a proven track record of success in the recruitment space, Rob has played a pivotal role in scaling businesses and introducing cutting-edge technological advancements to enhance operational efficiency and talent acquisition strategies.

Having successfully navigated the dynamic recruitment landscape, Rob is now leveraging his expertise to drive digital transformation in the tech sector. His strategic mindset and forward-thinking approach make him a key driver of technology adoption, bridging the gap between traditional business models and next-generation solutions.

Rob has been committed to delivering measurable results, implementing technology-driven strategies that streamline business operations. His deep understanding of both the human capital and tech landscapes has empowered him to identify growth opportunities, build high-performing teams, and deliver tailored solutions that propel businesses to long-term success.

Review of Operations General Overview

FY25 was a year where the company efforts were focused on revenue and profitability through Makesure Consulting, repaying debt in DIG and beginning the process of further funding through an issue of convertible notes.

Our consistent advice from the market and investors was to sell off non core assets and focus on the growth of the digital identity opportunity.

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

Makesure Consulting

Makesure Consulting Pty Ltd is a 100% owned subsidiary of the Company. In FY25, the business generated in excess of A$4.9m in sales revenue.

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 many tech solutions to streamline applications, improve accuracy, expedite deliveries, and improve operating margins.

The RatifyID product's accreditation with the Dept of Finance become part of the Digital ID Act in December 2024, and has begun trading, and will expand over the coming year. The identification system makes the process of identification streamlined and adheres to data minimisation principle helping protect its relying parties and individuals from personal data exposure in a data breach.

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

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 currently has a case with the Administrative Appeals Tribunal appealing the harsh assessments from the ATO relating to the 2016/2017 Financial Year.

This matter has continued through this year and DIG has made final submissions to the tribunal and the ATO is currently considering their response. DIG continues to pursue a mediation with the ATO which we are hopefully of occurring before the end of this calendar year.

State Revenue Office Payroll Tax Assessments

The Company was subjected to a comprehensive audit by the SRO of group Payroll Tax obligations. The SRO deemed that the independent contractors of Infocept were employees for the calculation of Payroll Tax. The company has obtained independent expert legal advice to the contrary and have lodged an objection to the assessment. The lodgment was made in Dec 24 and is still being considered by the State Revenue Office

Capital Raising

During the year ended 30 June 2025 the Company began the pursuit of further funding with 40 parties approached. These varied from high net worth individuals to advisory firms and Equion Capital was appointed. W e have spoken to and have continued conversations with multiple parties. We would expect to conclude this process by the end of this calendar year.

Market and Subsequent Events

With service now refined to Makesure Consulting's product suite, we have seen continuing requirements with new and existing clients in pre-employment compliance which has been reflected in the revenue increase of Makesure. A focused sales effort on larger clients and greater digital marketing producing medium client returns

The identity market is currently undergoing a transition from tradition document verification to Digital ID, and the RatifyID product is perfectly positioned to make the most of the expanding Australian market and legislation. The RatifyID product is currently under going further application to increase the identity proofing capabilities under the Australian Government's Digital ID Act.

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

No 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 objectives to raise capital throughout FY26. The Group plans to also continue to explore ways of reducing the Group's overall debt to improve and maximise shareholder return. Makesure's background checking will continue to grow as has been evidence and is currently on target for another significant increases in revenue and 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

In the 2024 financial year, Digital Investment Group undertook a share buy-back. Digital Investment Group bought back 7,906,506 shares in exchange for their shares in Infocept. Digital Investment Group cancelled the shares bought back in the 2025 financial year. The dividend recognised in the 2025 year amounting to $102,785 represents the excess of the share capital cancelled over the value of the shares disposed of. The dividend is unfranked.

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 9.

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

Steve Prideaux Director

Dated this 31st October 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2025

		Consolidated Group	
		2025	**2024**
	Notes	**$**	**$**
Revenue	4	4,788,877	4,057,857
Income from government grants		277,734	-
Gain on sale of subsidiaries		-	3,576,454
Other Income		2,933	3,576
Financial Income		14	0
Total revenue and other income		**5,069,557**	**7,637,887**
Cost of Goods		2,877,857	2,565,944
Gross Profit		2,191,700	5,071,943
Impairment/Write Down of Assets		0	550,000
Write off of Shares subsidiaries		0	0
Consultants		275,895	200,779
Depreciation and Amortisation	5	56,109	56,109
Directors Fees		0	60,000
Interest Expense		391,717	376,098
Convertible Note Penalty		0	851,019
Marketing		87,739	49,394
Legal Costs		226,326	13,917
Office & Communication Costs		111,119	260,066
Other expenses from ordinary activities		191,636	388,826
Professional fees		187,757	324,657
Salaries	3	1,065,246	1,260,669
Software Development		384,589	289,395
Travel		27,418	29,055
GST & PAYG penalties and Interest		75,390	0
Loss on deregistration of subsidiary		2,932,898	
Total Expenses		**6,013,839**	**4,709,164**
Profit/(Loss) before income tax		**(3,822,139)**	**361,959**
Income tax expense		-	-
Profit/(Loss) for the year from continuing operations		**(3,822,139)**	**361,959**
(Profit)/Loss attributable to non-controlled Equity Interest		-	(163,867)
Loss (profit) from discontinued operations	8	(2,932,898)	690,016
Loss for the period attributable to the ordinary equity holders of DIG Limited		**(889,241)**	**(491,925)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	Note		Consolidated Group
		2025	**2024**
Current Assets		$	**$**
Cash and cash equivalents	9	169,380	87,009
Trade and other receivables	10	849,792	1,532,306
Other current assets		0	10,543
Non-Interest Bearing loans receivable		11,503	0
Total Current Assets		**1,030,675**	**1,629,858**
Non-Current Assets			
Right of use assets	11	121,569	177,678
Total Non-Current Assets		**121,569**	**177,678**
Total Assets		**1,152,244**	**1,807,537**

		2025	**2024**
Current Liabilities		**$**	**$**
Trade and Other payables	12	1,824,731	1,448,512
Warranty		0	0
Deferred Income		0	0
Accrued Expenses		200,949	0
Lease Liability	11	55,241	54,926
Other Current Liabilities		0	190,000
Intercompany Loans - Payable		0	0
Interest Bearing Loans & Borrowings	13	839,896	1,100,403
HP Liabilities		0	0
Non Interest Bearing loans & Borrowings		0	-
Convertible Notes	14	5,197,653	4,109,927
Tax Liabilities	6	1,940,666	1,867,142
Provisions	15	28,215	189,039
Foreign Currency EXC		0	0
Total Current Liabilities		**10,087,351**	**8,959,949**
Non Current Liabilities			
Lease Liability	11	80,680	135,802
Provision	15	26,359	34,576
Total Non Current Liabilities		**107,039**	**170,378**
Total Liabilities		**10,194,390**	**9,130,327**
Net Assets		**(9,042,145)**	**(7,322,790)**

		2025	2024
Equity	**17**	**$**	**$**
Contributed Equity		22,567,801	23,295,200
Dividends		(102,785)	-
Foreign Currency Translation Reserve		(230)	26
Opening Accumulated Losses		(30,617,690)	(30,126,091)
Net Profit/(Loss) for the Year		(889,241)	(491,925)
Total Parent Entity Interest		**(9,042,145)**	**(7,322,790)**
Outside equity Interest			-
Total Equity		**(9,042,145)**	**(7,322,790)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025

	Issued Capital	Non-controlled Interest	Accumulated Losses	Total
	$	$	$	$
Balance at 30 June 2023	**23,195,200**	**(93,867)**	**(30,126,226)**	**(7,024,893)**
Comprehensive income				
Loss for the year	-	-	(1,937,721)	(1,937,721)
Discontinued operations	-	-	1,445,796	1,445,796
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	(491,925)	(491,925)
Transactions with owners, in their capacity as owners				
Issue of share capital net of transaction costs	100,000	-	-	100,000
Share-based payments	-	-	-	-
Conversion of loans to share capital	-	-	-	-
Foreign currency transaction reserve movement	-	-	161	161
Total transactions with owners	**100,000**	**-**	**161**	**100,161**
Non-controlled equity interest movement	-	93,867	-	93,867
Balance at 30 June 2024 (NOTE 17)	**23,295,200**	**-**	**(30,617,990)**	**(7,322,790)**
Comprehensive income				
Loss for the year	-	-	(889,241)	(889,241)
Discontinued operations	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income	-	-	(889,241)	(889,241)
Transactions with owners, in their capacity as owners				
Share buy backs	(727,399)	-	-	(727,399)
Dividends	-	-	(102,785)	(102,785)
Conversion of loans to share capital	-	-	-	-
Foreign currency transaction reserve movement	-	-	70	70
Total transactions with owners	**(727,399)**	**-**	**(102,085)**	**(830,114)**
Non-controlled equity interest movement	-	-	-	-
Balance at 30 June 2025 (NOTE 17)	**22,567,801**	**-**	**(31,609,946)**	**(9,042,145)**

In the 2024 financial year, Digital Investment Group undertook a share buy-back. Digital Investment Group bought back 7,906,506 shares in exchange for its shares in Infocept. Digital Investment Group cancelled the shares bought back in the 2025 financial year. The dividend recognised in the 2025 year represents the excess of the share capital cancelled over the value of the shares disposed of.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

Consolidated Group refer NOTE 9

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES	$	$
Receipts from customers	5,073,089	15,121,772
Interest received	0	2
Payment of interest	(91,074)	(74,269)
Payments to suppliers and employees	(5,648,845)	(16,005,908)
Net cash inflow/(Outflow) from operating activities	(666,830)	(958,403)
CASH FLOWS FRON INVESTING ACTIVITIES		
Purchase of plant & equipment	0	(12,348)
Net cash inflow/(Outflow) from operating activities	0	(12,348)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issues of shares	0	100,000
Proceeds from other financing activities	1,098,584	964,046
Repayment of borrowings	(284,500)	(231,062)
Repayment of lease liability	(64,884)	(4,285)
Net cash inflow/(Outflow) from operating activities	749,200	828,699
Net increase in cash held	82,371	(142,051)
Cash at beginning	87,009	229,060
NET Cash at end	169,380	87,009

The accompanying notes form part of these financial statements.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Name	ACN	Type	Country of Incorporation	Trustee, partner or participant in a joint venture	Residency and jurisdiction for tax purposes
Makesure Consulting Pty Ltd	168 163 666	Private Limited Co.	Australia	n/a	Australia
Makesure NZ Pty Ltd	NZBN: 9429042423874	Private Limited Co.	New Zealand	n/a	New Zealand
Digital Investment Group Ltd	617 578 837	Public Unlisted Company	Australia	n/a	Australia
DIG Corporate Services	628 132 230	Private Limited Co.	Australia	n/a	Australia

Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. It should be noted that the definitions of 'Australian resident' and 'foreign resident' in the Income Tax Assessment Act 1997 are mutually exclusive. This means that if an entity is an 'Australian resident' it cannot be a 'foreign resident' for the purposes of disclosure in the CEDS.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis, so there is no need for a general residence test. Some provisions treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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 31 October 2025 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 21.

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 2025, the Group incurred a net loss of $889,241 (2024: $491,925), had net cash outflows from operating activities of ($666,830) (2024: ($958,403)) and, as at 30 June 2025, the Group's current liabilities exceeded its current assets by $9,056,675 (2024: $7,330,091). At 30 June 2025, the Group had $839,895 (2024: $1,100,403) in interest-bearing loans. At 30 June 2025 the Group also had $5,197,653 convertible notes (2024: $4,109,927) (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 and raise new capital. The Company has actively engaged in the financial year under review with investment bankers and brokers to raise new capital.

b. The continued preparedness of many creditors not to call debts, loans and/or other liabilities (totaling $839,895 (2024: $429,241)) 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 2024 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). The total amount outstanding to the ATO as at 30 June 2025, together with interest and penalties on a consolidated basis amounts to $1,940,666 (2024: $1,876,627) at the time of the assessment (refer NOTE 6). The Company has an objection with the Administrative Review Tribunal challenging the revised 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.

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.

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.

a. 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.

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.

b. 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.

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.

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.

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.

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.

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.

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 were 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.

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.

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.

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.

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.

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 for further discussion on determination of impairment losses.

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.

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.

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.

Comparative Figures

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

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 2025, none of the standards adopted have a material impact on the reported financial performance or position of the Group.

FURTHER NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

NOTE 2: PARENT INFORMATION

	2025	2024
	$	$
Statement of Financial Position		
ASSETS		
Current assets	464.637	4,183,679
Non-current assets	5,000,000	5,000,100
TOTAL ASSETS	**5,464,637**	**9,183,779**
LIABILITIES		
Current liabilities	8,896,847	7,856,831
Non-current liabilities	-	17,653
TOTAL LIABILITIES	**8,896,847**	**7,874,484**
EQUITY		
Issued capital	22,465,016	23,295,199
Retained earnings	(25,897,223)	(30,192,762)
TOTAL EQUITY	**(3,432,207)**	**(6,897,562)**
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/(loss)	(3,911,323)	(1,663,158)
Total comprehensive income/(loss)	**(3,911,323)**	**(1,663,158)**

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

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 2025, Digital Investment Group Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2024: 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	
	2025	**2024**
	$	**$**
Cash	245,438	260,053
Ordinary shares	-	-
Key management personnel compensation	**245,438**	**260,053**

NOTE 4: REVENUE

	Consolidated Group	
	2025	**2024**
	$	**$**
Pre-employment Checks	4,777,407	4,015,630
Management Fees	11,470	42,227
	4,788,877	**4,057,857**
Disaggregation of revenue from contracts with customers		
Timing of revenue recognition		
- At a point in time	4,788,877	4,057,857
Revenue from contracts with customers	**4,788,877**	**4,057,857**

NOTE 5: DEPRECIATION AND AMORTISATION

	Consolidated Group	
	2025	**2024**
	$	**$**
Depreciation	-	-
Amortisation of intangibles	-	-
Amortisation of right to use assets	56,109	56,109
	56,109	**56,109**

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).

The Company has lodged its objection to the ATO's findings with the Administrative Review Tribunal. While the outcome of the objections is still uncertain the Company believes that it has a strong case to reverse the ATO audit findings. The case is awaiting a response to our submission of documentation with the likely outcome of mediation before the end of the year.

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	
	2025	**2024**
	$	**$**
a. **The components of tax expense comprise:**		
deferred tax expense / (benefit)	-	-
	-	-
b. **The prima facie tax on profit from ordinary activities before income tax is reconciled as follows:**		-
Consolidated Group loss before tax expense	**(899,241)**	**(491,925)**
Prima facie income tax at the statutory rate of 25% (2024: 25%)	(224,810)	(122,981)
Tax effect of:		
- Non-assessable income		-
- Non-deductable expenses	31,066	764,395
- Adjustment to income tax not recognised	(193,745)	887,376
Current tax on profitable unconsolidated subsidiaries for tax purposes		-
Income tax attributable to entity		-
Weighted average effective tax rates		-%

NOTE 8: DISCONTINUED OPERATIONS

During the year ended 30 June 2025, the Group deregistered; DIG Corporate Service Pty Ltd. This decision was made as part of the Group's strategy to focus on core activities. The results of these operations have been presented separately as discontinued operations in the financial statements.

During the year ended 30 June 2024 the group sold Infocept Pty Ltd, National Fleet Finance, and Insurance and Financial Services Pty Ltd, Our Credit Team ty Ltd, and disposed of DIG Digital Services Pty Ltd. and Dealer Trade Exchange Pty Ltd. This decision was made as part of the Group's strategy to focus on core activities.

Financial Performance of Discontinued Operation

The results of the discontinued operations for the year are presented below:

Financial Performance of Discontinued Operations

	Consolidated Group	
	2025	**2024**
	$	**$**
Revenue	2,932,011	7,431,555
Expenses		(8,121,571)
Profit/Loss after tax from discontinued operations	2,932,011	(690,016)
Income tax (expense)/benefit	-	137,619
Profit/Loss after tax from discontinued operations	2,932,011	(552,397)

The cashflow information of discontinued operations	**Consolidated Group**	
Cash flow details	**2025**	**2024**
	$	$
Net Cash flows from operating activities	0	(806,114)
Net cash flow from investing activities	0	(12,346)
Net cash flow from financing activities		
Net increase/decrease in cash and cash equivalents	0	(818,460)

Gains/Losses on sale of discontinued operations

DIG Corporate Services profit was offset by a loan to DIG (2,932,893), which was forgiven at deregistration. Within that loan was a Tax Liability of $55,818 from the 2024 consolidation and was paid on 1/7/24 – and no debt to ATO remained. It formed part of the loan balance w/off by DIG FY25.

On 31 December 2023, the Group completed the sale of National Fleet Finance and Insurance Pty Ltd, DIG Automotive and Financial Services Pty Ltd, Our Credit Team Pty Ltd and on 1 June 2024 the sale of Infocept Pty Ltd.

The effects of these disposals on the Group's financial position are as follows:

	Consolidated Group	
	2025	**2024**
Gains/Loss on sale of discontinued operations	**$**	**$**
Consideration received	-	1,580,183
Gain/(loss) on disposal of discontinued operations	2,932,011	1,996,271
Carrying amount of net assets disposed	-	-
Gain/(loss) on deposal		3,576,454
Related tax (Expense/Benefit	(733,003)	(894,113)
Net Gain/(loss) on disposal	2,199,008	2,682,341

NOTE 9: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2025	**2024**
	$	**$**
Cash at bank and on hand	169,380	87,009
	169,380	87,009

NOTE 10: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2025	**2024**
	$	**$**
Trade receivables	849,792	555,410
Provision for expected credit losses	-	-
	849,792	555,410
Other receivables		
Lease bond		-
Sale of Companies	-	1,526,896
Other assets		
Provision for losses on sale of companies	-	(550,000)
Total current trade and other receivables	**849,792**	**1,532,306**

The ageing of trade receivables as at 30 June 2025, 95% are less than 30 days (2024: 92% are less than 30 days). There are $26,678 (2024: $44,839) trade receivables which are past due and have not been impaired as at 30 June 2025.

NOTE 11: RIGHT TO USE ASSETS

The option to extend or terminate are contained in property lease of Makesure Consulting. 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

	2025	2024
	$	$
Leased Building	280,545	280,545
Accumulated amortisation	(158,976)	(102,867)
Total Right of use asset	**121,569**	**177,678**

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

	2025	2024
	$	$
Depreciation charge related to right-of-use assets	56,109	56,109
Interest expense on lease liabilities	9,957	13,361

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
	$	$	$	$	$
Lease liabilities 2025	66,830	80,364	-	147,194	135,801
Lease liabilities 2024	64,884	147,194	-	212,078	190,727

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2025	**2024**
	$	**$**
Trade payables	1,381,404	904,519
Other payables	443,327	543,993
	1,824,731	**1,448,512**

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

		Consolidated Group
	2025	**2024**
	$	**$**
Loans from related parties (current) (Loan A)	439,950	292,605
Loan (Loan B)	0	202,367
Loan (Loan C)	399,945	339,945
Loan (Loan D)	0	265,486
Other loans		
Total current	**839,896**	**1,100,403**
Loans from related parties (non-current)		-
		-
Total non-current	**839,896**	**1,100,403**

Current Loans

- Loan A is not secured with an interest rate of 8% per year.
- Loan B is not secured with an interest rate of 8%.
- Loan C is not secured with an interest rate of 20%.
- Loan D is not secured with an interest rate of 8%.

NOTE 14: CONVERTIBLE NOTES

	2025	2024
	$	$
Convertible notes (Type A)	2,761,730	2,836,730
Penalty for non-payment of convertible notes	828,519	851,019
Interest on convertible notes	620,574	422,178
Convertible notes (Type B)	926,500	
Penalty for non-payment of convertible notes	-	
Interest on convertible notes	60,330	
	5,197,653	**4,109,927**

	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.
Redemption premium:	A premium of 30% IRR on the face value of the note to be redeemed.
Use of funds:	The funds are to be/have been used to pay down existing debt and provide working capital for growth.

	Type B - Unsecured

Issue date:	July 2024 – October 2024
Maturity date:	31 May 2026 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 April 2026 or at the discretion of the company between 1 May 2026 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.
Redemption premium:	A premium of 30% IRR on the face value of the note to be redeemed.
Use of funds:	The funds are to be/have been used to pay down existing debt and provide working capital for growth.

NOTE 15: PROVISIONS

	Consolidated Group	
	2025	**2024**
Employee Benefits	**$**	**$**
Current	28,215	189,039
Non Current	26,359	34,576
	54,574	223,615

NOTE 16: TAX

	Consolidated Group	
	2025	**2024**
	$	**$**
Current		
Income tax payable of unconsolidated subsidiary for tax purposes	-	-
	-	-

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 $8,773,432 (2024: $10,827,704)
- temporary differences: $125,082 (2024: $104,345)

The benefits of the above unused tax losses will only be realised if the conditions for deductibility set out in NOTE 1 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 17: EQUITY AND RESERVES

(a) Contributed Equity

	2025 Number	2025 $	2024 Number	2024 $
Fully paid ordinary shares	347,600,184	22,465,016	356,416,986	23,295,200

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

(b) Share options

During the year ended 30 June 2025, no options were granted (2024: Nil).

(c) Company Infocept Buyback

In the 2024 financial year, Digital Investment Group undertook a share buy-back. Digital Investment Group bought back 7,906,506 shares in exchange for its shares in Infocept. Digital Investment Group cancelled the shares bought back in the 2025 financial year. The dividend recognised in the 2025 year represents the excess of the share capital cancelled over the value of the shares disposed of.

NOTE 18: EVENTS AFTER THE REPORTING PERIOD

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 19: 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.

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	
	2025	**2024**
	$	**$**
Non-interest bearing loans		
Directors, associates and employees have made loans to the Consolidated Group. These loans are interest free, unsecured and expire on a mutually determined date	0	0
Interest bearing loans		
Directors, associates and employees have made loans to the Consolidated Group. These loans are interest bearing, unsecured with no maturity date	439,950	292,605

NOTE 20: 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:

	Consolidated Group	
	2025	**2024**
	$	**$**
Financial assets		
Financial assets at amortised cost:		
– cash and cash equivalents	169,380	87,009
– receivables	849,792	1,532,306
Total financial assets	**1,019,172**	**1,619,315**
Financial liabilities		
Financial liabilities at amortised cost:		
– trade and other payables	1,381,404	1,448,512
– borrowings	6,037,549	5,210,330
Total financial liabilities	**7,418,953**	**6,658,842**

NOTE 21: CONSOLIDATED ENTITY DISCLOSURE STATEMENT

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 2025 were:

Name	**ACN**	**2025**	**2024**
DIG Digital Services Pty Ltd	606 957 135	100%	100%
Makesure Consulting Pty Ltd	168 163 666	100%	100%
Makesure NZ Pty Ltd	NZBN: 9429042423874	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 22: AUDITOR REMUNERATION

	Consolidated Group 2025	Consolidated Group 2024
	$	**$**
Remuneration of the auditor:		
- auditing or reviewing the financial statements		
	29,000	**39,000**

NOTE 23: CONTINGENT LIABILITIES

There are no contingent liabilities

NOTE 24: COMPANY DETAILS

The registered office of the Company is:
Digital Investment Group Ltd
Unit 5, 26-36 High Street
Northcote VIC 3070

The principal place of business is:
Digital Investment Group Ltd
Unit 5, 26-36 High Street
Northcote VIC 3070

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 (d) 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 2025 and of the performance for the year ended on that date of the Consolidated Group;**
    c. **the information disclosed in the consolidated entity disclosure statement is true and correct.**
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.**

Steve Prideaux Director

Dated October 31, 2025