
DIGIMATIC GROUP LTD.
ARBN 605 944 198

NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at 47 Scotts Road, Goldbell Towers #03-03/04, Singapore 228233 on Wednesday, 26 September 2018 at 2pm (SST).

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

*The Independent Expert has prepared an independent expert's report (**Independent Expert's Report**) on the selective off-market acquisition (buy-back) of Shares and disposal of the Assets for the purposes of Resolutions 9 and 10 respectively (collectively, the **Transaction**). The Independent Expert has concluded that, in its opinion, the Transaction is **not fair but reasonable** to the Shareholders of the Company, other than those associated with the Transaction*

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary (Australia) by telephone on +61 8 6555 2950.

DIGIMATIC GROUP LTD.

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NOTICE OF GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Digimatic Group Ltd. (**Company**) will be held at 47 Scotts Road, Goldbell Towers #03-03/04, Singapore 228233 on Wednesday, 26 September 2018 at 2pm (SST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the CDI Voting Instruction Form form part of this Notice.

The Directors have determined that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 24 September 2018 at 7pm (AEST).

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

AGENDA

1. Annual Financial Statement

To consider the Annual Financial Statement of the Company and its controlled entities for the year ended 31 March 2018, which includes the Financial Reports, the Directors' Statement and the Auditor's Report.

2. Resolution 1 – Election of Pauline Teo Puay Lin as Director

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with article 71 of the Articles, Listing Rule 14.4 and for all other purposes, Pauline Teo Puay Lin, a Director who was appointed on 3 January 2018 retires and, being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."

3. Resolution 2 – Election of Zane Robert Lewis as Director

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with article 66 of the Articles and for all other purposes, Zane Robert Lewis, Director, retires and being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 3 – Approval of Appointment of Auditor

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with section 205(2) of the Companies Act and for all other purposes, Kong, Lim & Partners LLP, having consented to act as the Company's auditor, is appointed as the Company's auditor effective from the date of the Meeting to hold office until conclusion of the next annual general meeting of the Company and the Directors be authorised to agree the remuneration."

5. Resolution 4 – Approval of Directors' Fees

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution (as special business) the following:

"That, pursuant to and in accordance with section 169 of the Companies Act, Listing Rule 10.17 and for all other purposes, to approve payment of the Directors' fees of up to S\$200,000 per annum in aggregate for the financial year ending 31 March 2019 on the terms and conditions in the Explanatory Memorandum".

6. Resolution 5 – Approval to Issue Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution (as special business) the following:

"That, pursuant to and in accordance with section 161 of the Companies Act and with regard to the Listing Rules, the Directors be authorised to:

- (a) issue Shares (whether by way of rights issue, bonus issue or otherwise);*
- (b) make or grant offers, agreements or options (collectively, **Instruments**) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible or exchangeable into Shares; and*
- (c) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution is in force,*

provided that:

- (a) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution and including Shares which may be issued pursuant to any adjustment effected under any relevant Instruments) shall not exceed such limit as may be prescribed under the Listing Rules and regulations of the ASX for the time being in force (unless such compliance has been modified by ASX, including by waiver);*
- (b) in exercising the power to make or grant Instruments (including the making of any adjustment under any relevant Instrument), the Company shall comply with the Listing Rules and regulations of the ASX for the time being in force (unless such compliance has been modified by ASX, including by waiver) and the Articles; and*
- (c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier."*

7. Resolution 6 – Approval of On-Market Share Buy-Back Mandate

To consider and, if thought fit, to pass as an ordinary resolution the following:

"That:-

- (a) for the purposes of Section 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or acquire Shares not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined) by way of on-market purchase(s) on the ASX and in accordance with the ASX Listing Rules and the requirements of ASX (as is applicable), be and is hereby authorised and approved generally and unconditionally (**Share Buy-Back Mandate**);*
- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:-*
 - (i) the date on which the next Annual General Meeting of the Company is held;*
 - (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; or*
 - (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated;*
- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.*

In this Resolution:-

*"**Average Closing Price**" means the volume weighted average market price of a Share for the five consecutive market days on which the Shares are transacted on the ASX immediately preceding the date of on-market purchase by the Company;*

*"**Maximum Percentage**" means the number of issued Shares representing three percent (3.0%) of the total number of issued ordinary shares in the capital of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and*

*"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price of a Share (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) which shall not exceed one hundred and five percent (105%) of the Average Closing Price."*

8. Resolution 7 – Approval of Name Change

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That, pursuant to and in accordance with section 28(1) of the Companies Act, the ASX Listing Rules and for all other purposes, the Company's name be changed from Digimatic Group Ltd to 8VIC Holdings Limited and that subject to the new name being registered with the Accounting and Corporate Regulatory Authority Singapore and forthwith upon the change of the Company's name to the new name taking effect, the Constitution of the Company be and are hereby amended by replacing all references therein to Digimatic Group Ltd with 8VIC Holdings Limited."

9. Resolution 8 – Amendments to the Company's Articles

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That the Company's Articles be amended as generally described in the Explanatory Memorandum and as detailed in the documents tabled at the Meeting and initialled by the Chairman for identification purposes."

10. Resolution 9 – Approval of the selective share buy-back from Mr Ong Shao Kuang, Ivan

To consider, and if thought fit, pass the following resolution as a special resolution:

"That, subject to the passing of Resolution 9 and in accordance with sections 76B and 76D of the Companies Act and for all other purposes, an agreement between the Company and Ong Shao Kuang, Ivan pursuant to which the Company buys back 3,031,974 ordinary Shares, by way of a selective off-market acquisition and on the material terms set out in the Explanatory Memorandum accompanying this Notice, be authorised and approved, and that the expiry date for such authorisation and approval be the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier."

Voting Exclusion

The Company will disregard any votes cast on this resolution by a party to the transaction (being Mr Ong and any of his associates).

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 9.

11. Resolution 10 – Disposal of the Company's interest in Digital and Marketing Business to Mr Ong Shao Kuang, Ivan

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to the passing of Resolution 10, for the purposes of Listing Rule 10.1 and for all other purposes, disposal by the Company of the Assets to Ong Shao Kuang, Ivan on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, be approved."

Voting Exclusion

The Company will disregard any votes cast on this resolution by a party to the transaction (being Mr Ong and any of his associates).

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 10.

12. Independent Expert's Report

Moore Stephens (or the '**Independent Expert**') has prepared an independent expert's report (**Independent Expert's Report**) on the selective buy-back of Shares and disposal of the Assets for the purposes of Resolutions 9 and 10 respectively (collectively, the **Transaction**). The Independent Expert has concluded that, in its opinion, the Transaction is **not fair but reasonable** to the Shareholders of the Company, other than those associated with the Transaction.

A copy of the full Independent Expert's Report is attached as Schedule 3 to the Explanatory Memorandum.

BY ORDER OF THE BOARD



Clive Tan Che Koon
Non-Executive Chairman
Dated: 31 August 2018

DIGIMATIC GROUP LTD.

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 47 Scotts Road, #03-03/04 Singapore 228233 on Wednesday, 26 September 2018 at 2pm (SST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Annual Financial Statement
Section 4	Resolution 1 – Election of Pauline Teo Puay Lin as Director
Section 5	Resolution 2 – Election of Zane Robert Lewis as Director
Section 6	Resolution 3 – Approval of Appointment of Auditor
Section 7	Resolution 4 – Approval of Directors' Fees
Section 8	Resolution 5 – Approval to Issue Shares
Section 9	Resolution 6 – Approval of On-Market Share Buy-Back Mandate
Section 10	Resolution 7 – Approval of Name Change
Section 11	Resolution 8 – Amendment to the Company's Articles
Section 12	Resolution 9 – Approval of the Selective Share Buy-Back from Mr Ong Shao Kuang, Ivan
Section 13	Resolution 10 – Disposal of the Company's Interest in Digital and Marketing Business to Mr Ong Shao Kuang, Ivan
Schedule 1	Definitions and Interpretation
Schedule 2	Pro-forma balance sheet
Schedule 3	Independent Expert's Report

A CDI Voting Instruction Form is located at the end of this Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 CDIs

A CDI Voting Instruction Form is attached to the Notice. This is to be used by CDI Holders to direct CDN on how to vote at the Meeting, as CDI Holders are not entitled to vote in person at the Meeting.

CDI Voting Instruction Forms must be received by Link Market Services Limited, the Company's share registry, no later than 2pm (SST) (4pm (AEST)) on Monday, 24 September 2018.

The CDI Voting Instruction Form provides further details on voting at the Meeting.

CDI Holders are welcome, and encouraged, to attend the Meeting, despite not being able to vote in person.

3. Annual Financial Statement

The Annual Financial Statement must be laid before the annual general meeting. There is no requirement for Shareholders to approve the Annual Financial Statement.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Financial Statement which is available online at www.digimaticgroup.com;
- (b) ask questions about the Annual Financial Statement of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Election of Pauline Teo Puay Lin as Director

Article 71 of the Constitution of the Company states that any director appointed by the Board shall hold office only until the next following annual general meeting, but shall be eligible for re-election. In addition, Listing Rule 14.5 states that an entity which has directors must hold an election of directors each year.

Ms Pauline Teo Puay Lin, a Director, will retire from office and, being eligible, will seek election or re-election as a Director.

The biographical details for Ms Teo is as follows:

Ms Pauline Teo Puay Lin

Ms Teo graduated from Nanyang Technological University with a Master of Arts (Instructional Design and Methodology) and a Bachelor in Business Studies. She is based in Singapore and

has more than 10 years of experience working as a public servant, primarily in the field of learning and development.

During a period with the Singapore Ministry of Defence and the Civil Service College of Singapore, Ms Teo gained the experience of leading a team of course developers to do the full spectrum of training and development, ranging from the conduct of learning-needs analysis to evaluation.

Ms Teo is currently the Chief Operating Officer of 8VIC Global Pte Limited (8VIC) overseeing the management and operations of the financial education and training seminar business of 8VIC. She joined 8VIC in 2011 as one of the key trainers for the various value investing programmes, seminars and coaching sessions that 8VIC offers and was promoted to General Manager in 2015. Under her leadership, 8VIC expanded its education business beyond Singapore to Malaysia, Thailand, Taiwan and Australia.

Resolution 1 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

The Board (excluding Ms Teo) supports the election of Ms Teo and recommends that Shareholders vote in favour of Resolution 1.

5. Resolution 2 – Election of Zane Robert Lewis as Director

Article 66 of the Constitution of the Company states that at any annual general meeting (subsequent to the first annual general meeting) of the Company, one-third of the Directors for the time being shall retire from Office, while Article 71 provides that a retiring director shall be eligible for re-election. In addition, Listing Rule 14.5 states that an entity which has directors must hold an election of directors each year.

Mr Zane Robert Lewis, a Director, will retire from office and, being eligible, will seek election or re-election as a Director.

The biographical details for Mr Lewis is as follows:

Mr Zane Robert Lewis

Mr Lewis is based in Australia and was appointed as a Non-Executive Director of the Company on 27 August 2015. Mr Lewis holds a Bachelor of Economics from the University of Western Australia and has over 20 years' experience and leadership of small cap multinational companies. He has undertaken various non-executive director and corporate advisory roles with ASX listed companies and has extensive international experience as President of the Commtech Wireless Group of software companies in USA, Europe, Hong Kong, China and Australia.

Mr Lewis is a non-executive director of Digimatic Group Ltd (ASX:DMC) and Company Secretary for Lion Energy Limited (ASX:LIO).

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Board considers Mr Lewis to be an independent director of the Company.

The Board (excluding Mr Lewis) supports the election of Mr Lewis and recommends that Shareholders vote in favour of Resolution 2.

6. Resolution 3 – Approval of Appointment of Auditor

The auditors, Kong, Lim & Partners LLP, Certified Public Accountants were appointed as auditors of the Company on June 2014. Section 205(2) of the Companies Act states:

“(2) A company shall at each annual general meeting of the company appoint a person or persons to be the auditor or auditors of the company, and any auditor or auditors so appointed shall, subject to this section, hold office until the conclusion of the next annual general meeting of the company.”

Resolution 3 therefore seeks to appoint Kong, Lim & Partners LLP as auditors of the Company until the conclusion of the next annual general meeting of the Company.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

The Board supports the appointment of Kong, Lim & Partners LLP as auditors of the Company and recommends that Shareholders vote in favour of Resolution 3.

7. Resolution 4 – Approval of Directors' Fees

Section 169 of the Companies Act requires that Directors' fees for the year ending 31 March 2018 be approved by Shareholders.

Shareholders previously set the maximum aggregate Directors' fees for the financial year ending 31 March 2018 at S\$200,000. No change to this maximum amount is Proposed for the upcoming financial year.

Resolution 4 therefore seeks approval for the proposed maximum aggregate non-executive Directors' fees of S\$200,000 for financial year ended 31 March 2019. The total amount of non-executive Directors' fees payable includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice on a pre-tax basis.

The proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified Directors and to act quickly if the circumstances require it.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

Resolution 4 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

8. Resolution 5 – Approval to issue Shares

Section 161 of the Companies Act requires that the issue of any new Shares or other securities in the Company be approved by Shareholders.

Resolution 5 therefore seeks approval for the Directors to be empowered to issue Shares or convertible securities in the Company from the date of the Meeting to the conclusion of the next annual general

meeting of the Company or the date by which next annual general meeting for the Company is required by law to be held, whichever is the earlier.

This authority will, unless revoked or varied at a general meeting of the Company, expire at the conclusion of the next annual general meeting of the Company.

Resolution 5 is not seeking approval for:

- (a) the issue of securities in the Company pursuant to the requirements of ASX Listing Rule 7.1 or Listing Rule 7.1A; or
- (b) the issue of securities to related parties, pursuant to the requirements of ASX Listing Rule 10.11.

Resolution 5 will therefore be subject to the Listing Rules, in particular:

- (a) Listing Rule 7.1, which provides that the Company must not, subject to specified exceptions, issue or agree to issue more securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period;
- (b) Listing Rule 10.11, which provides that the Company must not issue new securities to a related party without Shareholder approval; and
- (c) Listing Rule 10.14 which provides that the Company must not issue new securities under an employee share plan to a Director or an associate of a Director without Shareholder approval.

Resolution 5 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

The Board recommends that Shareholders vote in favour of Resolution 5.

9. Resolution 6 – Approval of On-Market Share Buy-Back Mandate

9.1 General

The Company is incorporated in Singapore and, pursuant to the Articles and the Companies Act, has the ability to buy-back its Shares. Accordingly, the Company seeks Shareholder approval in accordance with section 76E of the Companies Act to buy-back and cancel or hold as treasury shares 2,178,880 Shares (being up to a maximum of 5% of the total number of Shares on issue) through an on-market buy-back.

ASX has previously confirmed that (with respect to last year's buy back), pursuant to ASX Listing Rule 7.36, the Company is required to undertake the on-market buy back in accordance with the ASX Listing Rules and the applicable provisions of the Corporations Act, as if it were an entity subject to the requirements of the Corporations Act.

The Company notes that, in complying with section 76E of the Companies Act, the Company will comply with section 257C(1) of the Corporations Act for on-market buy-backs, which states that shareholder approval is required for a buy-back if a company proposes to buy-back more than 10% of the smallest number of shares on issue during the last 12 months.

In addition, the Company also intends to comply with all applicable provisions under the ASX Listing Rules, including but not limited to, ASX Listing Rule 7.33 and ASX Listing Rule 3.8A.

This Explanatory Memorandum sets out information that is material to the Shareholders' decision on how to vote on the buy-back resolution, including the reasons for the buy-back, the applicable terms, the financial implications and the possible advantages and disadvantages of the on-market buy-back.

9.2 Reasons for buy-back

The Company's goal is to manage its capital so as to achieve the most efficient capital structure and optimise returns to Shareholders. On 28 June 2018, the Company reported cash and cash equivalents and fixed deposits of S\$8,569,179 and S\$1,311,280 in its financial year ended 31 March 2018.

The Board is of the view that the allocation of part or all of the Company's surplus funds into an on-market buyback of Shares will be more value accretive to Shareholders than having the funds remain in situ.

The Board believes that an on-market buy-back of Shares at an appropriate value is an appropriate course for the Company and its Shareholders.

An on-market buy-back gives Shareholders the choice whether to hold or sell their Shares over the buy-back period, whereas under other alternatives (such as an equal capital reduction or off-market equal access buy-back) Shareholders may not be given such flexibility. Further the on-market Share buy-back is simpler to implement than other forms of capital return.

The Company has decided, as part of its capital management program, that an on-market buy-back is an expedient, effective and cost efficient way for the Company to enhance shareholder value.

9.3 Advantages and disadvantages of the buy-back

The general advantages of an on-market buy-back include the following:

- (a) purchases on-market can be tailored to changing market conditions;
- (b) the Company has complete flexibility to adjust the volume of Shares bought and can stop buying at any time; and
- (c) implementation of an on-market buy-back is simple and cost effective.

Shareholders should also be aware that, among other things, some of the disadvantages of the buy-back include:

- (a) the Company's net assets will be reduced by the amount expended on the buy-backs; and
- (b) the buy-backs may provide some liquidity in the Shares in the short term however may result in reducing the liquidity in the Shares in the long term due to a smaller number of Shares on issue for trading.

9.4 Regulatory Requirements

Article 53 of the Articles and Sections 76B and 76E of the Companies Act, allow the Company to buy-back its own shares through on-market Share buy-backs.

Section 76E of the Companies Act, which relates specifically to on-market Share buy-backs, provides as follows:

"Authority for market acquisition

76E.—(1) *A company shall not make a purchase or acquisition of its own shares on a securities exchange (referred to in this section as a market purchase) unless the purchase or acquisition has been authorised in advance by the company in general meeting.*

- (2) *The notice specifying the intention to propose the resolution to authorise a market purchase must -*
 - (a) *specify the maximum number of shares or the maximum percentage of ordinary shares authorised to be purchased or acquired;*
 - (b) *determine the maximum price which may be paid for the shares;*
 - (c) *specify a date on which the authority is to expire, being a date that must not be later than the date on which the next annual general meeting of the company is or is required by law to be held, whichever is the earlier; and*
 - (d) *specify the sources of funds to be used for the purchase or acquisition including the amount of financing and its impact on the company's financial position.*
- (3) *The authority for a market purchase may be unconditional or subject to conditions and must state the particulars referred to in subsection (2)(a), (b) and (c).*
- (4) *The authority for a market purchase may, from time to time, be varied or revoked by the company in general meeting but the variation must comply with subsections (2) and (3).*
- (5) *A resolution to confer or vary authority for a market purchase under this section may determine the maximum price for purchase or acquisition by —*
 - (a) *specifying a particular sum; or*
 - (b) *providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion."*

Under the Singapore Code on Take-overs and Mergers ("**Take-over Code**"), there may be take-over implications and obligations arising from Share buy-backs as follows:

- (a) Obligation to make a Take-over offer

When the Company purchases or acquires its shares, any resulting increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him (as defined in the Take-over Code) will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**TC Rule 14**"). Consequently, a Shareholder or group of Shareholders acting in concert may obtain or consolidate effective control of the Company and become obliged to make an offer under TC Rule 14.

- (b) Effect of TC Rule 14 and Appendix 2 of the Take-over Code ("**TC Appendix 2**")

In general terms and in relation to the proposed Share Buy-Back Mandate in Resolution 6, the effect of TC Rule 14 and TC Appendix 2 are as follows:

- (i) Unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under TC Rule 14 if, as a result of the Company purchasing or acquiring Shares, (i) the voting rights of such Directors and their concert parties would increase to 30% or more, or (ii) in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.
- (ii) Under TC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a takeover offer under TC Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period

of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

Based on the interests of substantial Shareholders as at 31 August 2018 ("**Latest Practicable Date**"), the substantial Shareholders would not become obliged to make a take-over offer for the Company under TC Rule 14 as a result of the purchase or acquisition by the Company of the maximum limit of 5% of its issued Shares (excluding Shares held in treasury) as at the Latest Practicable Date.

Shareholders are reminded that those who are in doubt as to their obligations, if any, to make an offer under the Take-over Code as a result of the purchases or acquisitions by the Company of Shares pursuant to the proposed Share buy-back mandate, should consult their professional advisers.

Resolution 6 seeks approval of the Shareholders for the proposed Share buy-back mandate.

Resolution 6 will be approved if more than 50% of votes cast at the Meeting on the Resolution are in favour of the Resolution.

9.5 Number of Shares subject to buy-back

As at 31 August 2018, the Company has 43,577,600 Shares on issue and seeks to buy-back up to 2,178,880 Shares, representing 5% of the total issued share capital as at the date of this notice. If the buy-back is fully completed, the Company will have 41,398,720 Shares on issue (excluding treasury shares).

The Company will offer to buy-back Shares on-market through transactions on the ASX.

Since an on-market buy-back involves shares being acquired at the market price of shares at that time, it is not possible to anticipate the value (and therefore the number) of shares that may actually be bought back and cancelled or held as treasury shares. As a result, the Company is not required to buy-back a specific number of Shares or a minimum specified value of Shares over any period.

The Company reserves the right not to buy-back any Shares at all.

9.6 Buy-back Price

The Shares will be bought back at the quoted selling price of the Shares on the ASX. In accordance with ASX Listing Rule 7.33, the price payable by the Company to buy-back Shares cannot be more than 5% above the volume weighted average market price per share for the last 5 days on which trades were recorded before the day of the buy-back.

It should be noted that the Company cannot give any assurance as to the likely average price per share to be paid by the Company under the on-market buy-back.

It will be a matter for Shareholders to determine with reference to their own individual circumstances (after taking independent advice, if appropriate) whether they want to sell their Shares on the ASX and, if so, the price at which they are prepared to sell their Shares.

9.7 Timing

If Resolution 6 is approved, it is intended that the on-market buy-backs (if any) will be undertaken at such time(s) as the Directors in their discretion may decide within the period set out in paragraph (b) of Resolution 6.

9.8 Financial implications of the buy-back

The buy-back will be funded from the Company's available cash reserves.

The Directors have determined that the buy-back will not materially prejudice the Company's ability to pay its creditors.

As at 31 March 2018, the Company had net assets of S\$11,236,903, including S\$9,880,459 of cash reserves available as a source of funding the buy-back. The actual amount of the buy-back to be funded will not be determined until the completion of the buy-back program.

The exact impact on earnings per Share of any buy-back cannot be determined until the buy-back is completed and will depend on the number of Shares bought back, the volume-weighted average buy-back price and the source of funds used to fund the buy-back program.

A buy-back may decrease the ASX trading volumes and liquidity in the Shares. It is not however possible to determine the extent of any potential decrease in liquidity at this time.

Whilst it is not possible to anticipate the total actual amount that the Company will expend on paying for the Shares, the buy-back is not expected to adversely affect net assets of the Company.

9.9 Effect on control of the Company

It is not expected that there will be any effect on control of the Company following the buy-back.

9.10 Tax implications

Approval of Resolution 6 will not result in any tax implications for Shareholders if they do not sell their Shares. However, if a Shareholder chooses to participate in the buy-back by selling their Shares then that Shareholder should obtain specific tax advice on the treatment of the sale of their Shares taking into account their particular circumstances.

9.11 Director's holdings

The Director has the following interests in the Company at the date of this Explanatory Memorandum:

Name	Number of Shares Held	Voting Interest
Zane Robert Lewis	200	0.0005%

The following table shows the relevant voting interest that each Director would have if the Company bought back all 5.0% of the issued Shares under the proposed Share buy-back mandate and if no Directors' Shares or Shares in which the Directors have an interest were sold:

Names	Voting Interest
Zane Robert Lewis	0.0005%

The Directors may participate in the buy-back program.

9.12 Directors' recommendation

The Directors recommend that Shareholders vote in favour of the buy-back resolution.

The Chairman intends to vote all available proxies in favour of Resolution 6.

9.13 No other material information

Other than as set out in this Explanatory Memorandum, and other than information previously disclosed to Shareholders, there is no other information that is known to the Directors which may reasonably be expected to be material to making a decision by Shareholders on whether or not to vote in favour of Resolution 6.

10. Resolution 7 – Approval of Name Change

In accordance with section 28(1) of the Companies Act, if a company wants to change its name, it must pass a special resolution adopting a new name. It is proposed to approve the Company's name being changed from "Digimatic Group Ltd." to "8VIC Holdings Limited". The Board has approved this change of name subject to the approval of Shareholders.



8VIC Holdings Limited logo

The Board considers that the change of name is appropriate because the existing name is derived from digital brand enabler and does not reflect the new direction of the Company following the acquisition of the 8VIC Global Pte. Limited. The Board considers that the name should define the Company and where the Company is heading. The Board considers the new name "8VIC Holdings Limited" is reflective of the core business of the Company. The change will not affect the legal status of the Company.

Resolution 7 is a special resolution and, therefore, requires approval of 75% or more of all votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a member which is a corporation a representative).

In accordance with section 28(2) of the Companies Act, the change of name will take effect when ACRA registers the Company under the new name and issues the Company a notice of incorporation of the Company under the new name. The name "8VIC Holdings Limited" has been reserved by the Company.

The Board will also request that ASX change the Company's ASX listing code from "DMC" to "8VI" after the change of name takes effect. The ASX listing code has been reserved by the Company.

Resolution 7 is a special resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 7.

The Board recommends that Shareholders vote in favour of Resolution 7.

11. Resolution 8 – Amendments to the Company's Articles

In accordance with section 26(1) of the Companies Act, if a company wants to alter its articles, it must pass a special resolution adopting the altered or added articles. Presently the Company's Articles do not include provisions giving Directors alternate avenue to approve the Directors' resolutions.

Presently the Company's Constitution do not include provisions allowing directors to approve execute circular resolutions with digital signatures and the Company is required to maintain all original signed resolutions. Officers of the Company reside in various jurisdictions and the requirement to physically sign resolutions is logistically and financially prohibitive for the Board. Amending the Company's Constitution will provide the Company with the flexibility to approve resolutions using digital signatures allowing the Board to approve resolutions faster the Company to execute on matters without delay.

The existing Article 94 of the Company's Constitution has been updated to provide that the Directors could sign the resolution in writing by telefax or any form of electronic communication approved by the directors. and a new Article 82A has also been inserted to provide that records of the Company may be kept either in hard copy or in electronic form. This update is in line with the new Section 395 of the Singapore Companies Act (Chapter 50).

New Article 82A

The Company records, including but not limited to, any register, index, minutes book, accounting record, minute or other documents required by this Constitution or by the Act to be kept by or on behalf of the Company, may, subject to and in accordance with the Act, be kept in hard copy form or in electronic form, and arranged in the manner that the Directors think fit.

New Article 94

A resolution in writing signed by all the directors and being not less than are sufficient to form a quorum shall be effective as a resolution passed at a meeting of the directors duly convened and held, and may consist of several documents in the like form each signed by one or more of the directors. Provided that, where a director has appointed an Alternate Director, the director or (in lieu of the director) his Alternate may sign. The expressions “in writing” and “signed” include approval by any such director by telefax or any form of electronic communication approved by the directors for such purpose from time to time incorporating, if the directors deem necessary, the use of security and/or identification procedure and devices approved by the directors.

Resolution 8 is a special resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 8.

The Board recommends that Shareholders vote in favour of Resolution 8.

12. Resolution 9 – Approval of the selective share buy-back from Mr Ong Shao Kuang, Ivan

The purpose of Resolution 9 is to seek approval of Shareholders required under the Listing Rules for the selective buy-back from Mr Ong Shao Kuang, Ivan and cancellation of 3,031,974 Shares (**Buy-back Shares**).

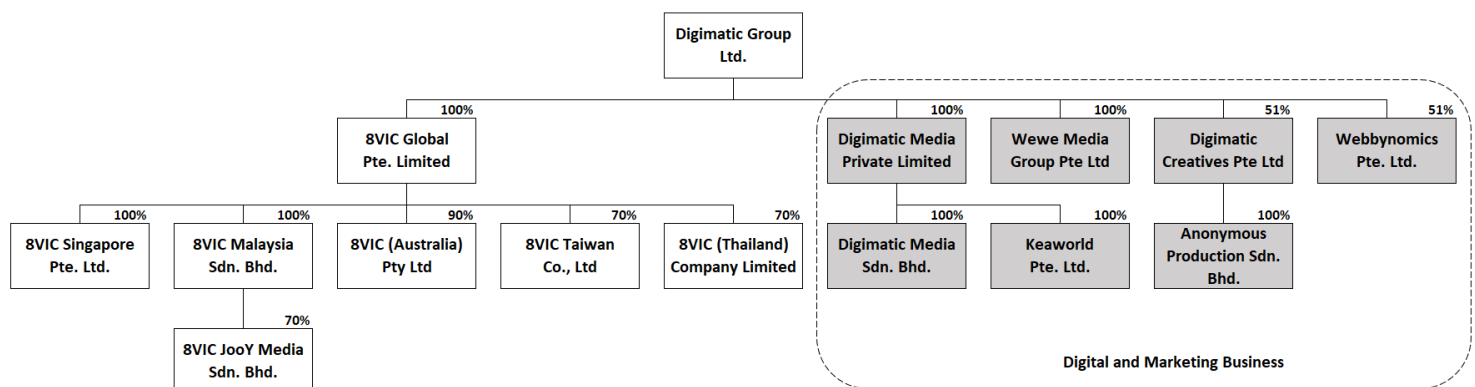
The reasons for conducting the selective buy-back are set out below.

12.1 Background

The Company is incorporated in, and registered under the laws of, Singapore. The Company is a digital and educational conglomerate in the business of financial education, training and digital marketing.

The Company is the holding company of Singaporean incorporated, and registered, 100% owned subsidiaries being Wewe Media Group Pte Ltd, Digimatic Media Private Limited (**DMM**) as well as 51% owned Digimatic Creatives Pte. Ltd and Webbynomics Pte. Ltd. (together the, **Digital and Marketing Business**). The Company also owns 100% of 8VIC Global Pte. Limited, being the educational and training arm of the business.

The corporate structure of the Company as at the date of this Notice is set out below:



The Company's business units are as follows:

Business Activities	Business Unit and Description
Education Business	8VIC Global Pte. Limited (8VIC) A leading financial education and training provider in Singapore and Malaysia under the brand name of Value Investing College (VIC) with offices in Taiwan, Thailand and Australia supporting a network of over 10,000 graduates across Singapore, Malaysia, Taiwan, Thailand, Myanmar, Vietnam, India and Dubai.
Digital Marketing Business	Digital and Marketing Business Collectively involved in content creation, branding, media & marketing solutions and ecommerce.

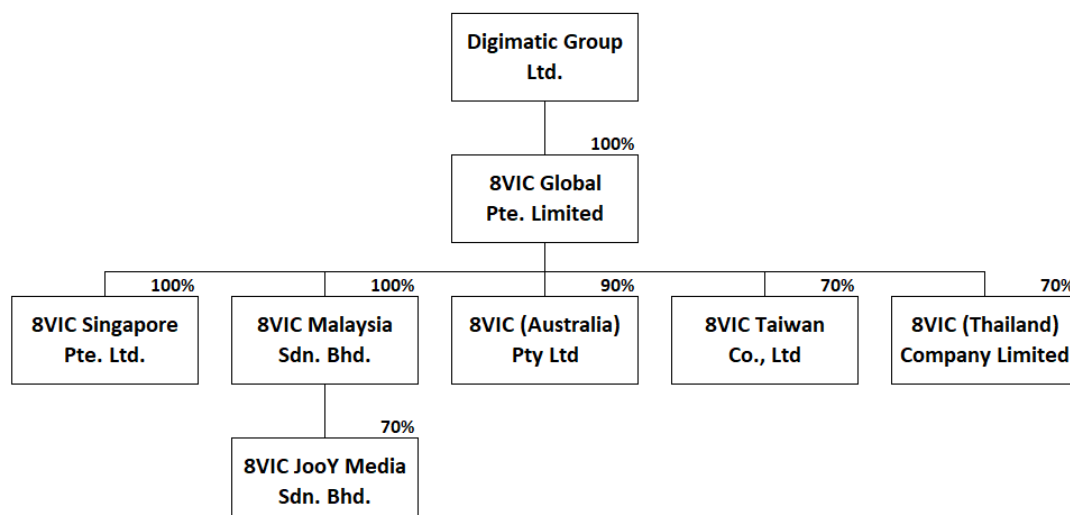
The Company was admitted to the official list on 16 December 2015 (Listing Date). On 28 November 2017, the Company completed the acquisition of 8VIC Global Pte. Limited becoming a digital and educational conglomerate.

In February 2018 the Company announced it was undertaking a strategic review to assess the synergies between the Company's Digital and Marketing Business and Education Business for optimal business performance. Following that review, management have determined that the expected synergies have not materialised. The review outlined that there are significant management and operational model differences between the 8VIC group and the Digital and Marketing Business. In addition the Digital and Marketing Business was operating at minimal profitability and a business plan that required significant future cash injections to compete in what the board considered a high risk, low margin, and extremely competitive marketplace.

The Board has therefore determined that it is in the best interests of the Company to focus all its resources in expanding the Education Business, both physically and digitally, in Asia Pacific.

On 20 August 2018, the Company announced that it had signed a share swap and buy-back agreement for the sale the Assets (**SSBB Agreement**) to Mr Ong. The sale is in consideration of the Company buying back from Mr Ong and then cancelling the Buy-back Shares. The key terms of the SSBB Agreement are set out in section 12.3 below.

The corporate structure of the Company post-Transaction will be as follows:



The Transaction includes a selective buy-back for the purposes of the Companies Act, and, accordingly, Shareholder approval as set out in Resolution 10 is required to undertake the buy-back and cancellation of the Buy-back Shares.

Moore Stephens has prepared the Independent Expert's Report on the Transaction for the purposes of Resolution 10. The Independent Expert has concluded that, in its opinion, the Transaction is not fair but reasonable to the non-associated Shareholders of the Company. See section 12.5 below for further information. A copy of the full Independent Expert's Report is attached as Schedule 3 to the Explanatory Memorandum, and Shareholders are urged to read the report in full before making a decision on how to vote on the resolutions at the Meeting.

12.2 Companies Act and ASX Listing Rules requirements

Section 76D of the Companies Act provides that a company may purchase or otherwise acquire its own shares if the purchase or acquisition is made in accordance with an agreement authorised in advance by special resolution, with no votes being cast by any person whose shares are proposed to be purchased or acquired or by his associated persons.

Section 76D of the Companies Act sets out the procedure for a selective buy-back of shares and requires that the terms of an agreement for a selective buy-back be approved. A summary of the terms of the proposed Transaction is set out below in Section 12.3. In addition, in accordance with section 76D(7) of the Companies Act, a copy of the agreement or a written memorandum of its terms will be available for inspection by members of the Company both:

- (a) at the Company's registered office for not less than 15 days ending with the date of the Meeting; and
- (b) at the Meeting itself.

Section 76B(5) of the Companies Act provides that ordinary shares that are purchased or acquired by a company pursuant to section 76D shall, unless held in treasury, be deemed to be cancelled immediately on purchase or acquisition. The Company confirms it will cancel the Buy-back Shares.

If Resolution 10 is approved, the authority will expire on the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier.

The buy-back will be funded through the transfer of the Assets. The impact of the buy-back on the Company's financial position is detailed in the following paragraphs of this Section 5, Schedule 2 and Schedule 3.

Approval under ASX Listing Rule 10.1 is required as Mr Ong was previously a director of the Company in the six-month period prior to the execution of the SSBB Agreement.

The information required under the Companies Act and ASX Listing Rules is set out in this Section 12. This information should be read together with the Independent Expert's Report and prior disclosures by the Company to ASX.

12.3 Terms of the proposed Transaction for Shareholder approval

A summary of the material terms of the proposed Transaction is set out below:

- (a) **(Sale and buy-back):** Mr Ong agrees to transfer, and the Company agrees to accept, the Buy-back Shares free from all third party interests in exchange for the Company transferring the Assets to Mr Ong;
- (b) **(Conditions Precedent):** Completion is conditional on:
 - (i) DMM repays an amount receivable of S\$1,360,740 to the Company;
 - (ii) the approval of the Board of the Company;

- (iii) Shareholders approving the selective buy-back and disposal of the Assets as set out in accordance with the Companies Act and Listing Rules; and
 - (iv) all other approvals, consents and requirements being obtained or fulfilled in order for completion to be effected.
- (c) **(Completion):** One business day after the Conditions Precedents are to be satisfied.

12.4 Advantages and disadvantages of the Transaction

The Directors consider that the advantages of the Transaction are:

- (a) the Independent Expert has concluded that the selective buy-back is not fair but reasonable to the Shareholders of the Company;
- (b) as Digital and Marketing Business is forecasting low profitability, the disposal of it allows the Company to focus its time and resources in expanding its more profitable business;
- (c) the Company will be left with business units that provide greater synergies between themselves, and therefore a cleaner corporate structure; and
- (d) on completion of the Transaction, the voting power of all Shareholders will increase proportionately as there will be a lesser number of Shares on issue.

The Directors consider that the selective buy-back will not result in any material disadvantage to Shareholders (though the Company will obviously forego the opportunity to benefit from any potential upside if it kept the Assets).

12.5 Independent expert's report

The Company has engaged the Independent Expert to opine on whether the Transaction is not fair but reasonable to the non-associated Shareholders.

The Independent Expert concludes that the Transaction is not fair but reasonable to the Shareholders of the Company. A copy of the full Independent Expert's Report is attached as Schedule 3 to the Explanatory Memorandum.

Shareholders are encouraged to read the Independent Expert's Report in detail and consult your professional adviser if you have any questions.

12.6 Change in capital structure

The overall effect of the Transaction and cancellation of the Buy-back Shares on the issued capital of the Company is set out below.

Event	Number of Shares
Shares on issue as at the date of the Notice	43,577,600
Buy-back Shares subject to buy-back and cancellation	(3,031,974)
Shares on issue at completion of Transaction	40,545,626

12.7 Effect of the Transaction on the control of the Company

The Buy-back Shares represent 6.96% of the Shares on issue in the Company as at the date of the Explanatory Memorandum. The effect of the Transaction will be to remove Mr Ong's shareholding in the Company and increase each other Shareholder's proportionate increase as set out in the table below.

Shareholder	Immediately before selective buy-back and cancellation		After selective buy-back and cancellation	
	Number of Shares	% of total Shares	Number of Shares	% of total Shares
8I Holdings Limited and its subsidiaries	31,391,817	72.04%	31,391,817	77.42%
Mr Ong	3,031,974 ¹	6.96%	-	0.00%
Other Shareholders	9,153,809	21.00%	9,153,809	22.58%
TOTAL	43,577,600	100.00%	40,545,626	100.00%

1. Mr Ong currently holds 1,709,721 Shares. Mr Ong's obligations are to deliver to the Company 3,031,974 Shares for buy-back and cancellation. Mr Ong is therefore required to acquire the Buy-back Shares prior to completion.

12.8 Reviewed financial statements and pro-forma statement of financial position

A copy of the Company's audited financial statements for the financial year ending 31 March 2018 is contained in the Company's annual report announced to ASX on 28 June 2018.

A copy of the pro-forma statement of financial position, demonstrating the effects of the Transaction, is set out at Schedule 2.

12.9 Share price information

The Company's closing share price on 17 August 2018, being the last trading day prior to the announcement of the selective buy-back was A\$0.73. The closing share price on 31 August 2018, being the last trading day prior to the finalisation of the Explanatory Memorandum was A\$0.71.

Trading in the Company's Shares is currently illiquid.

12.10 Company focus following disposal of the Assets

Following completion of the Transaction, the Company will:

- (a) focus on the area of investment education seminars and workshops; and
- (b) develop and build up the Company's capability in providing investment education digitally.

12.11 Directors' recommendation

The Directors, having considered the potential advantages and disadvantages of the Transaction and the Independent Expert's Report, are of the view that the Transaction is in the best interests of the Company and its Shareholders (other than Mr Ong).

The Directors unanimously recommend that the non-associated Shareholders should vote in favour of Resolution 9. All Directors intend to vote all the Shares that they control in favour of Resolution 9.

Other than as set out elsewhere in this Explanatory Memorandum, no Director has an interest or will participate in the Transaction.

13. Resolution 10 – Disposal of the Company's interest in Digital and Marketing Business to Mr Ong Shao Kuang, Ivan

13.1 General

Under the terms of the proposed Transaction, Mr Ong will acquire the Assets from the Company.

13.2 Independent Expert's Report

The Company has engaged an independent expert to prepare an independent expert's report to advise Shareholders whether the transfer of the Assets is not fair but reasonable to the non-associated Shareholders and a copy is attached as Schedule 3 to the Explanatory Memorandum.

The Independent Expert has concluded that the transfer of the Assets is not fair but reasonable to the non-associated Shareholders of the Company.

Shareholders are encouraged to read the Independent Expert's Report in detail and consult a professional adviser if you have any questions.

13.3 Directors' recommendation

The Directors have outlined the reasons why the transfer of the Assets is in the best interests of the Company and Shareholders in section 12.4 above. These sections contain all material information relevant to Shareholders' decision on how to vote on Resolution 10.

The Directors unanimously recommend that the non-associated Shareholders vote in favour of Resolution 10. All Directors intend to vote all the Shares that they control in favour of Resolution 10.

Schedule 1 – Definitions and Interpretation

1. Definitions

In the Notice and this Explanatory Memorandum, unless the context otherwise requires:

8VIC means 8VIC Global Pte. Limited (Singapore Registration Number 201118117Z).

A\$ means Australian dollars.

AEST means Australian Eastern Standard Time.

Annual Financial Statement means the Directors' Statement, the Financial Reports and the Auditor's Report in respect to the financial period ended 31 March 2017.

Articles means the memorandum and articles of association of the Company from time to time (interchangeable with '**Constitution**').

Assets means 1,000,000 ordinary fully paid Shares in Digimatic Media Private Limited being 100% of all the shares in Digimatic Media Private Limited; 20,425 ordinary fully paid Shares in Digimatic Creatives Pte. Ltd. being 51% of all the shares in Digimatic Creatives Pte. Ltd.; 51 ordinary fully paid Shares in Webbynomic Pte. Ltd. being 51% of all the shares in Webbynomic Pte. Ltd.; and 130,000 ordinary fully paid shares in Wewe Media Group Pte. Ltd. being 100% of all the shares in Wewe Media Group Pte. Ltd..

ASX means ASX Limited ABN 98 008 624 691 and, where the context requires, the Australian Securities Exchange operated by ASX Limited.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).

Auditor's Report means the auditor's report on the Financial Reports.

Board means the board of Directors from time to time.

Buy-Back Shares has the meaning ascribed in Section 12 of this Explanatory Memorandum.

CDI means CHESS Depository Interests issued by CDN, where each CDI represents a beneficial interest in one Share.

CDI Voting Instruction Form means the CDI voting instruction form attached to the Notice.

CDN means CHESS Depository Nominees Pty Ltd (ABN 75 071 346 506) (AFSL 254514), in its capacity as depositary of the CDIs under the ASX Settlement Rules.

Chairperson means the person appointed to chair the Meeting.

Companies Act means the Companies Act (Cap.50) of Singapore.

Company means Digimatic Group Ltd. ARBN 605 944 198.

Completion has the meaning ascribed to it in Section 12.3 of this Explanatory Memorandum.

Conditions Precedent has the meaning ascribed to it in Section 12.3 of this Explanatory Memorandum.

Constitution means the Memorandum and Articles of Association of the Company.

Digital and Marketing Business has the meaning ascribed to it in Section 12.1 of this Explanatory Memorandum.

Director means any director of the Company and **Directors** means all of them.

Directors' Statement means the annual directors' statement of the Company and its controlled entities.

DMM means Digimatic Media Private Limited (Singapore Registration Number 201317712D).

Explanatory Memorandum means this explanatory memorandum.

Financial Reports means the annual financial reports of the Company and its controlled entities.

Independent Expert means Moore Stephens Perth Corporate Services Pty Ltd.

Listing Rules means the official listing rules of the ASX.

Meeting means the general meeting of the Company to be held at 47 Scotts Road, Goldbell Towers #03-03/04, Singapore 228233 on Wednesday, 26 September 2018 at 2pm (SST).

Notice means this notice of annual general meeting.

Resolution means any resolution detailed in the Notice as the context requires.

S\$ means Singapore dollars.

Schedule means a schedule to the Notice.

Section means a section of this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company or a CDI, as applicable.

Shareholder means a holder of a Share (including CDN in its capacity as depositary of the CDIs under the ASX Settlement Rules), or holder of a CDI, as applicable.

SSBB Agreement has the meaning ascribed to it in Section 12.1 of this Explanatory Memorandum.

SST means Singapore Standard Time, being the time in Singapore.

Transaction has the meaning ascribed in Section 12 of the Notice.

2. Interpretation

In the Notice and this Explanatory Memorandum, headings and words in bold are for convenience only and do not affect the interpretation of the Notice and this Explanatory Memorandum and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in the Notice or this Explanatory Memorandum have a corresponding meaning;
- (d) a term not specifically defined in the Notice or this Explanatory Memorandum has the meaning given to it (if any) in the Companies Act;
- (e) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statutes, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, and

a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute;

(f) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;

(g) a reference to a body (including, without limitation, an institute, association or authority), whether statutory or not:

(i) which ceases to exist; or

(ii) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions; and

(h) **“include”** and **“including”** are not words of limitation.

Schedule 2 – Pro-forma Statement of Financial Position

The pro forma balance sheet detailed below has been prepared to illustrate the effect of the disposal of the Digital and Marketing Business pursuant to the Proposed Transaction and assumes completion of certain other pro forma transactions as if they had occurred on 31 March 2018.

	Actual (Audited)	Adjustments (unaudited)	Pro Forma Consolidated (unaudited)
	31.3.2018 S\$	Share Swap S\$	31.3.2018 S\$
ASSETS			
Non-current Assets			
Property, plant and equipment	1,128,730	(350,000)	778,730
Intangible assets	2,196,281	-	2,196,281
Other investments	107,225	(100,000)	7,225
Deferred tax assets	217,005	-	217,005
	<u>3,649,241</u>	<u>(450,000)</u>	<u>3,199,241</u>
Current Assets			
Inventories	454,723	(450,000)	4,723
Trade and other receivables	3,317,805	(1,400,000)	1,917,805
Prepayment	827,350	(70,000)	757,350
Fixed deposits	1,311,280	(800,000)	511,280
Other investments	177,865	-	177,865
Cash and cash equivalents	8,569,179	(1,800,000)	6,769,179
	<u>14,658,202</u>	<u>(4,520,000)</u>	<u>10,138,202</u>
Total Assets	<u>18,307,443</u>	<u>(4,970,000)</u>	<u>13,337,443</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share Capital	14,872,793	(2,153,000)	12,719,793
Accumulated profits	356,692	83,000	439,692
Foreign currency translation reserve	(28,853)	-	(28,853)
Other reserves	(4,533,629)	-	(4,533,629)
	<u>10,667,003</u>	<u>(2,070,000)</u>	<u>8,597,003</u>
Non-controlling interests	569,900	(380,000)	189,900
Total Equity	<u>11,236,903</u>	<u>(2,450,000)</u>	<u>8,786,903</u>
Current Liabilities			
Trade and other payables	3,126,470	(930,000)	2,196,470
Unearned revenue	3,528,001	(1,400,000)	2,128,001
Hire purchase payables	17,883	-	17,883
Provision for income tax	202,569	(100,000)	102,569
	<u>6,874,923</u>	<u>(2,430,000)</u>	<u>4,444,923</u>
Non-current liabilities			
Hire purchase payables	37,027	-	37,027
Provision for reinstatement cost	65,000	(65,000)	-
Deferred tax liabilities	93,590	(25,000)	68,590
	<u>195,617</u>	<u>(90,000)</u>	<u>105,617</u>
Total Liabilities	<u>7,070,540</u>	<u>(2,520,000)</u>	<u>4,550,540</u>
Total Equity and Liabilities	<u>18,307,443</u>	<u>(4,970,000)</u>	<u>13,337,443</u>

Preparation of the Consolidated Pro Forma Balance Sheet

The consolidated pro forma balance sheet has been prepared to demonstrate the impact of completion of the disposal of Digital and Marketing Business.

Under the scenario above, the 31 March 2018 audited Statement of Financial Position of the Company has been adjusted to reflect the impact of the following proposed transactions which have taken place subsequent to 31 March 2018:

- selective share buy-back amounting to S\$2.2 million;
- disposal of Digital and Marketing Business's net assets amounting to S\$2.5 million; and
- reduction in non-controlling interests amounting to S\$0.4 million.

Digimatic Group Limited

Independent Expert's Report
and Financial Services Guide
30 August 2018

The Proposed Transaction is not fair but reasonable to the Non-Associated Shareholders of Digimatic Group Limited

**Prepared by Moore Stephens Perth Corporate Services Pty Ltd
Australian Financial Services License No. 240773**

MOORE STEPHENS PERTH CORPORATE SERVICES PTY LTD

Australian Financial Services License No. 240773

FINANCIAL SERVICES GUIDE

This Financial Services Guide is issued in relation to our Independent Expert's Report on the proposed disposal of 100% of Digimatic Group Limited's ("Digimatic" or "the Company") interest in the Digital and Marketing Arm of its business to Mr Ivan Ong ("Mr Ong") in exchange for the transfer of 3,031,974 fully paid Digimatic shares to the Company (the "Proposed Transaction"). Our report has been prepared at the request of the Directors of Digimatic for inclusion in the Notice of Meeting to be dated 30 September 2018.

Moore Stephens Perth Corporate Services Pty Ltd

Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS") has been engaged by the directors of Digimatic to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transaction is "fair and reasonable" to the shareholders of Digimatic.

MSPCS holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the proposed transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately \$25,000 plus GST.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MSPCS is the licensed corporate advisory arm of Moore Stephens Perth, Chartered Accountants. The directors of MSPCS may also be partners in Moore Stephens Perth Chartered, Accountants.

Moore Stephens Perth, Chartered Accountants is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MSPCS's contact details are set out on our letterhead.

MSPCS has previously provided corporate advisory services to Digimatic.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Stephens, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Australian Financial Complaints Limited ("AFC"). AFC is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MSPCS is a member of AFC. AFC may be contacted directly via the details set out below.

Australian Financial Complaints Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: 03 9613 6399
Email: info@fos.org.au

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30 August 2018

The Directors
Digimatic Group Limited
82 Ubi Ave 4, #06-04
Edward Boustead Centre
Singapore 408832

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. INTRODUCTION

1.1 This Independent Expert's Report ("IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Digimatic Group Limited ("Digimatic" or "the Company") at which shareholder approval will be sought for the disposal of 100% of Digimatic's interest in the issued share capital of its Digital and Marketing Arm comprising:

- 51% of Digimatic Creatives Pte Ltd ("DMR");
- 100% of Digimatic Media Pte Ltd ("DMM");
- 100% of Wewe Media Group Pte Ltd ("WWM");
- 100% of Digimatic Media Sdn Bhd ("DMM M");
- 51% of Webbynomics Pte Ltd ("WBY");
- 100% of Keaworld Pte Ltd ("KEA"); and
- 51% of Anonymous Production Sdn Bhd ("APM")

(collectively the "Digital and Marketing Arm") in exchange for 3,031,974 Digimatic shares ("Consideration Shares") from Mr Ivan Ong, a former Director of Digimatic and the General Manager of DMM ("Mr Ong"), and repayment of debt of S\$1,360,740 owing by the Digital and Marketing Arm to Digimatic (combined "Consideration") (the "Proposed Transaction").

Further details of the Proposed Transaction are set out in Section 3.

2. SUMMARY & OPINION

Purpose of the Report

2.1 Listing Rule 10.1 requires the approval of the Company's shareholders where it has proposed to dispose of a "substantial asset" to:

- A related party, or an associate of a related party of the Company; or
- A subsidiary, or an associate of a subsidiary of the Company; or
- A substantial shareholder, or an associate of a substantial shareholder of the Company. A substantial shareholder is defined under ASX listing rules as a shareholder with a relevant interest at any time in the previous six months prior to the transaction, in at least 10% of the total votes attaches to the voting securities in the entity.

2.2 A substantial asset includes those with a value greater than 5% of the total equity interests of the entity at the date of the last set of financial statements provided to the ASX.

- 2.3 Mr Ong is a former director of Digimatic (resigned on 1 March 2018) and the General Manager of Digimatic's subsidiaries DMM and DMR (which form part of the Digital and Marketing Arm noted above). Mr Ong also owns a 3.9% interest in Digimatic.
- 2.4 The value of the Digital and Marketing Arm exceeds 5% of the value of total equity of Digimatic as at 31 March 2018 (the date of the latest set of financial statements provided to the ASX). As such, shareholder approval is required, and an Experts Report is to be included in a Notice of Meeting, stating whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders.
- 2.5 The Directors of Digimatic have engaged Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS") being independent and qualified for the purpose, to prepare an Independent Expert's Report to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the shareholders of Digimatic not associated with the Proposed Transaction (the "Non-Associated Shareholders").
- 2.6 Our assessment of the Proposed Transaction relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.

Approach

- 2.7 Our report has been prepared having regard to Australian Securities & Investments Commission ("ASIC") Regulatory Guide 111 Content of Expert's Reports ("RG 111") and Regulatory Guide 112 Independence of Expert's ("RG 112")
- 2.8 In arriving at our opinion, we have assessed the terms of the Proposed Transaction, as outlined in the body of our report, by considering the following;
- How the value of the Digital and Marketing Arm on a control basis compares to the value of the Consideration Shares on a minority basis;
 - Advantages and disadvantages of approving the Proposed Transaction;
 - The likelihood of a superior alternative Proposed Transaction being available to Digimatic;
 - Other factors which we consider to be relevant to the shareholders of Digimatic in their assessment of the Proposed Transaction; and
 - The position of the shareholders of Digimatic should the Proposed Transaction not be successful.

Further information on the approach we have employed in assessing whether the Proposed Transaction is "fair and reasonable" is set out at Section 4 of this Report.

Opinion

- 2.9 We have considered the terms of the Proposed Transaction as outlined in the body of our report and have concluded that the Proposed Transaction is not fair but reasonable to the Non-Associated Shareholders of Digimatic, as set out in Sections 11 and 12 of this Report.

Fairness

- 2.10 When assessing fairness, we have used two methods to determine our opinion. In Sections 8 and 9, we compared the value of the Digital and Marketing Arm of Digimatic to the value of the consideration provided by Mr Ong. In the Section 10, we compared the value of Digimatic pre and post the Proposed Transaction.
- 2.11 Our assessed values of the Digital and Marketing Arm in Digimatic, and the Consideration, from Sections 8 and 9 are summarised in the table below.

Assessed values

Section	Low Value	High Value
---------	-----------	------------

		S\$'000	S\$'000
Assessed Fair Value of the Digital and Marketing Arm	8	1,911	3,289
Assessed Fair Value of Consideration Shares	9	564	1,649

Source: Moore Stephens analysis

- 2.12 In the absence of any other relevant information, in our opinion, this indicates that the Proposed Transaction is not fair to the Non-Associated Shareholders of Digimatic as the valuations do not demonstrate overlap.
- 2.13 In Section 10 we considered the impact of the Proposed Transaction on the Non-Associated Shareholders by considering the NTA value of a Digimatic share pre and post the Proposed Transaction, and the EBITDA per Digimatic Share pre and post the Proposed Transaction.

	Section	NTA / share S\$	EBITDA / share S\$
Assessed value driver before the Proposed Transaction	10	0.21	0.015
Assessed value driver after the Proposed Transaction	10	0.19	0.010

Source: Moore Stephens analysis

- 2.14 Our opinion of fairness is made difficult by the assessment of the future maintainable earnings of 8VIC Global Pte Limited ("8VIC"), a wholly owned subsidiary of Digimatic. This assessment has a material impact on the value of the Consideration Shares to be transferred to Digimatic, and also on the assessment of the impact of the Proposed Transaction on the EBITDA per Digimatic Share pre and post the Proposed Transaction. Our assessment of the future maintainable earnings of 8VIC has assumed that 8VIC will continue to achieve the level of profitability that was achieved for the year ended 31 March 2018. We were unable to place reliance on the forecasts prepared for 8VIC. Should 8VIC return to its historically profitable levels of the year ended 31 March 2017, this would have a positive impact on our fairness assessment.
- 2.15 Given the risks associated with assessing the future maintainable earnings of 8VIC, we consider that this indicates the Proposed Transaction is not fair.

Reasonableness

- 2.16 We have considered the analysis in Section 12 of this report, in terms of both:
- Advantages and disadvantages of the Proposed Transaction; and
 - Other considerations if the Proposed Transaction is successful and the position of shareholders of Digimatic if the Proposed Transaction is not successful.
- 2.17 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non- Associated Shareholders of Digimatic.
- 2.18 The advantages and disadvantages considered are summarised below:

ADVANTAGES

The Proposed Transaction leads to concentration of existing Shareholder's interests

The Proposed Transaction allows the Company to focus on the core operations of the business

The impact of potential dividends and profitability in the focused business may increase the liquidity of Digimatic shares

DISADVANTAGES

The Proposed Transaction is not fair

The Proposed Transaction would result in Digimatic losing all of its interests in the Digital and Marketing Arm

The Proposed Transaction would reduce the diversification in Digimatic to just one business segment and revenue stream

2.19 Other key matters we have considered include:

OTHER KEY MATTERS

We are not aware of any alternative offers

If the Proposed Transaction is not approved, Digimatic may not be able to focus on the core business of the Group, being the financial education segment

The actual profitability of 8VIC for the year ended 31 March 2018 was significantly lower than it has been historically. The value of the Consideration Shares factored in this downturn in profitability. Should the profitability of 8VIC return to historical levels (such as those achieved for the year ended 31 March 2017), this would have a positive impact on our assessment of Fairness in Section 11.

A condition of the Proposed Transaction is that Digimatic receive cash repayment of loans to its subsidiaries WMM and WBY to the value of S\$1,360,740. If the Proposed Transaction does not proceed the recovery of these loans will remain an internal consolidation adjustment and no monies would be received.

The unaudited management accounts for KEA for the three months to 30 June 2018 indicate that KEA's profitability improved significantly subsequent to 31 March 2018. The forecasts for the Digital and Marketing Arm of Digimatic are not considered to be reliable, and therefore were not able to be used in our valuation. KEA's very short period of trading history and the project-based nature of revenue in the Digital and Marketing Arm mean that forecasts can't be made with any degree of confidence. If the profitability of the Digital and Marketing Arm continues to improve, this would negatively impact the fairness assessment in Section 11.

3. SUMMARY OF TRANSACTION

3.1 Digimatic has entered into a legally binding Share Swap and Buy Back Agreement to dispose of 100% of Digimatic's interest in its Digital and Marketing Arm for 3,031,974 Consideration Shares from Mr Ong (which the Company will subsequently cancel) and the repayment of debt of S\$1,360,740 owing by the Digital and Marketing Arm to Digimatic ("Proposed Transaction").

3.2 The Digital and Marketing Arm of Digimatic comprises:

- 51% of Digimatic Creatives Pte Ltd ("DMR");
- 100% of Digimatic Media Pte Ltd ("DMM");
- 100% of Wewe Media Group Pte Ltd ("WWM");
- 100% of Digimatic Media Sdn Bhd ("DMM M");
- 51% of Webbynomics Pte Ltd ("WBY");
- 100% of Keaworld Pte Ltd ("KEA"); and
- 51% of Anonymous Production Sdn Bhd ("APM")

3.3 If the Proposed Transaction proceeds, Digimatic will lose all of its interest in its Media, Creatives and Ecommerce business segments, leaving just the Financial Education business segment (8VIC) remaining.

Key conditions of the Proposed Transaction

3.4 The Proposed Transaction is conditional upon a number of conditions precedent, including:

- Digimatic obtaining all necessary shareholder, regulatory and ASX approvals;
- The outstanding loans owed to Digimatic by WWM and WBY totalling S\$1,360,740 are to be paid in full prior to the completion of the transaction; and
- Digimatic being satisfied with the results of any due diligence investigations.

Rationale for the Proposed Transaction

3.5 The disposal of the Digital and Marketing Arm allows the Group to concentrate its focus on its core business activities, being the Financial Education segment.

Impact of Proposed Transaction on Digimatic's Capital Structure

3.6 The table below sets out a summary of the capital structure of Digimatic prior to, and post, the Proposed Transaction:

Share structure of Digimatic prior to and post the Proposed Transaction

	Prior to Proposed Transaction		Post Proposed Transaction	
Shares on issue:		%		%
Non-Associated Shareholders	40,545,626	93	40,545,626	100
Associated Shareholders	3,031,974	7	-	-
Total Shares on issue	43,577,600	100	40,545,626	100

Source: Company Estimates

4. SCOPE OF THE REPORT

Regulatory guidance

- 4.1 The Listing Rules do not define the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

Adopted basis of evaluation

- 4.2 RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the value of the asset being acquired. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.
- 4.3 Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for Non-Associated Shareholders to accept the Proposed Transaction in the absence of any higher bid.
- 4.4 Having regard to the above, MSPCS has completed this comparison in three parts:
- A comparison between the value of the Digital and Marketing Arm prior to the Proposed Transaction and the value of the Consideration (fairness – see Section 11 – Assessment of Fairness);
 - A comparison between the impact of the Proposed Transaction on the Non-Associated Shareholders pre and post the Proposed Transaction (fairness – see Section 11 – Assessment of Fairness); and
 - An investigation into other significant factors to which Non-Associated Shareholders might give consideration, prior to accepting the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 12 -Assessment of Reasonableness).

5. PROFILE OF DIGIMATIC GROUP LTD

Background

- 5.1 Digimatic was incorporated as a public company on 3 March 2015 and operates in the digital marketing and education space. Basing itself in Singapore, it maintains activities throughout Singapore and internationally.
- 5.2 On 28 November 2017, Digimatic acquired 100% of the issued share capital of 8VIC Global Pte Limited ("8VIC") through the issue of 30,504,320 post-consolidation shares. Under the terms of *AASB 3 Business Combinations*, 8VIC was deemed to be the accounting acquirer in the business combination and consequently the transaction was deemed to be a reverse acquisition.
- 5.3 Digimatic operates on multiple levels including creative, media and ecommerce segments, however post the acquisition of 8VIC on 28 November 2017, its main focus has been on the education segment of the business.
- 5.4 As at 22 August 2018, Digimatic's share price was A\$0.73, giving a market capitalisation of approximately A\$31.8m at that date.

Core Business Segment

Financial Education

- 5.5 The financial education segment of DMC operates multiple educational programs providing education and training on investment strategy under the brand name Value Investing College (VIC). The segment grew significantly during the financial year ended 31 March 2018 due to the acquisition of 8VIC Global Pte Limited from its parent company, 8I Holdings Limited in the first quarter of 2018. The acquisition allowed 8VIC and 8I Education Pty Ltd (8IE), DMC's own financial education arm, to merge and promote VIC as the main financial education brand.
- 5.6 VIC conducts its programmes predominantly in Singapore and Malaysia but has now also expanded to other countries across the Asia Pacific region including most recently Taiwan, Thailand and Australia. In addition to educational programmes, the segment also offers its clients monthly tutorials and networking sessions.

Flagship Programs

Millionaire Investor Program (MIP)

- 5.7 Founded in 2008, the MIP is a three-day course that focusses on value investing philosophies and techniques. Originating in Singapore, the program has now been rolled out internationally, with courses being run throughout the Asia Pacific region. The number of participants in MIP has grown significantly since its inception with the cumulative number of people attending growing from 5,424 as at 31 March 2017 to 6,156 as at 31 March 2018, growing 13.5% during the year ended 31 March 2018.

Value Investing Bootcamp (VIB)

- 5.8 VIB is currently being delivered throughout the Asia Pacific region. This three-day intensive course has seen significant growth in numbers in the past two years with the cumulative number of attendees increasing from 2,497 as at 31 March 2017 to 3,847 as at 31 March 2018, an increase of 54% during the year ended 31 March 2018.
- 5.9 VIC has developed a "community" or "database" of thousands of previous and future students within which to network, share stories and advice and ultimately cross and up sell their courses, workshops and programs to. VIC aims to generate a high level of student engagement within this community which is designed to encourage students to participate in further programs, and ultimately lead to student retention and recurring revenue.

Digital and Marketing Arm

Creatives

- 5.10 Digimatic Creatives Pte Limited (“DMR”), a 51% owned subsidiary of Digimatic, was acquired by the Company on 29 February 2016, and is the marketing and branding segment of the Group, focussing on creative content creation, end-to-end branding and marketing solutions for its clients. DMR customises integrated branding and marketing solutions to compliment the individual client’s requirements and functions, such as customer service, sales, marketing and operations.
- 5.11 DMR has a wholly owned subsidiary, Anonymous Production Sdn Bhd (“APM”) that operates in the Creatives segment. APM focusses on augmented reality and virtual reality content.

Media

- 5.12 The media segment comprises Digimatic Media Pte Ltd (“DMM”), Wewe Media Group Pte Ltd (“WWM”) and Digimatic Media Sdn Bhd (“DMM-M”) all wholly owned subsidiaries of Digimatic. The media segment has two main functions – online performance-based marketing including lead generation; and training via the Ace Profits Academy.
- 5.13 Ace Profits Academy, based in Singapore, is a seminar and events provider in the wealth creation and personal development space. DMM aims to continue its expansion into the Asia Pacific region, specifically Thailand, Indonesia, Vietnam and Australia. DMM-M is a wholly owned subsidiary of DMM and focusses its operations in Malaysia.
- 5.14 WWM compliments DMM as the mobile marketing division of the Digimatic Group, specialising in performance-based leads generation for mobile devices and websites. During the year ended 31 March 2018, WWM focussed on three main areas being Mobile Application Advertisers, Lead Generation Advertisers and ecommerce advertising.

Ecommerce

- 5.15 The ecommerce arm of DMC is made up of Webbynomics Pte Ltd (“WBY”) and Keaworld Pte Ltd (“KEA”). WBY was incorporated on 26 May 2017 and is a 51% owned subsidiary of Digimatic. KEA was acquired by Digimatic on 25 January 2018 and is a wholly owned subsidiary of Digimatic (through its ownership of DMM). WBY and KEA generate business growth in the online market by selling a variety of baby products and toys via ecommerce platforms. Since incorporation, WBY has developed two products in the toys and games niche under the brand Whizbuilders.

Board of Directors

- 5.16 The current Board of Directors are:

Name	Title	Experience
Clive Tan Che Koon	Non-Executive Chairman	Mr Tan advises on corporate governance, strategic planning and direction of the Company. Mr Tan is also the co-founder and Executive Director of 8I Holdings Limited.
Zane Robert Lewis	Non-Executive Director & Compliance Manager	Mr Lewis has over 20 years’ experience in small cap companies. He has undertaken various corporate advisory roles with ASX listed companies.
Pauline Teo	Executive Director	Ms Teo has more than 10 years’ experience working as a public servant in the field of learning and development. Ms Teo is also a director of 8VIC Global Pte Ltd.

Funding of Operations

- 5.17 The Company has funded its operations by raising capital from shareholders, having raised A\$16m from its Initial Public Offering in 2015. As at 31 March 2018, A\$9.3m of the cash raised is still on hand. The Company has no debt at the date of this report.

The Historical Consolidated Financial Information

- 5.18 The information below provides a summary of the financial information of the Digimatic Group for the years ended 31 March 2018 and 31 March 2017 extracted from the audited consolidated financial statements of the Company.
- 5.19 The auditor of Digimatic, Kong Lim & Partners LLP, issued an unqualified opinion on the financial statements for the year ended 31 March 2018 and 31 March 2017.
- 5.20 The table below sets out the Consolidated Statement of Financial Position of Digimatic for the years ended 31 March 2018 and 31 March 2017.

Consolidated Statement of Financial Position	Ref	31 March 2018 S\$'000	31 March 2017 S\$'000
ASSETS			
Current assets			
Cash and cash equivalents	i	8,569	4,630
Fixed deposits	i	1,311	-
Trade and other receivables	ii	3,318	1,113
Prepayments	iii	827	702
Inventory	iv	455	-
Other investments		178	161
		14,658	6,606
Non-current assets			
Property, plant & equipment	v	1,129	584
Other investments		107	3
Intangible assets	vi	2,196	1,555
Loan receivable	vii	-	-
Deferred tax asset		217	200
		3,649	2,342
Total assets		18,307	8,948
LIABILITIES			
Current liabilities			
Trade and other payables	viii	3,126	993
Provision for income tax		203	38
Unearned revenue	ix	3,528	3,573
Hire purchase payables	x	18	16
		6,875	4,620
Non-current liabilities			
Deferred tax liability		94	4
Provision for reinstatement cost		65	-
Hire purchase payables	x	37	51
		196	55
Total liabilities		7,071	4,675
NET ASSETS	xi	11,236	4,273
EQUITY			
Share capital		14,873	4,741
Retained earnings		357	4,060

Foreign currency translation reserve		(29)	(74)
Premium on acquisition of non-controlling interest	xii	(4,534)	(4,534)
Non-controlling interest		570	79
TOTAL EQUITY		11,236	4,273

Source: Audited Digimatic financial statements for the year ended 31 March 2018

Note that due to the reverse acquisition noted in 5.2 above, the financial report of Digimatic is the continuation of the business and operations of the deemed accounting parent (8VIC). As such, the financial information for the comparative period ended 31 March 2017 is for 8VIC, and not Digimatic as disclosed in the financial statements for Digimatic for the year ended 31 March 2017.

5.21 We note the following in relation to the financial position of Digimatic as at 31 March 2018:

- i. The group has a strong cash position with cash and cash equivalents of S\$9.9m (including fixed deposits) as at 31 March 2018. Much of the cash raised during the Digimatic Initial Public Offering in 2015 has yet to be deployed. The increase in the cash balance during the year ended 31 March 2018 relates to the acquisition of Digimatic during the period. Fixed deposits have a maturity period of more than three months.
- ii. Trade and other receivables largely relate to trade receivables due from third parties. Trade receivables are unsecured and interest free. The increase during the year ended 31 March 2018 is due to the consolidation of the Digimatic Group this year with 8VIC.
- iii. Prepayments as at 31 March 2018 includes S\$325,000 arising from the acquisition of 8VIC Singapore Pte Ltd which relates to the deemed consideration paid to founders of the entity in exchange for services over the period to June 2021.
- iv. Inventory relates to trading goods held as at 31 March 2018. The increase this year is due to the commencement of the ecommerce segment of the business.
- v. Property, plant and equipment comprises mostly of furniture, fittings and office equipment. These assets are carried at depreciation cost. The increase this period is partly due to the acquisition of Digimatic this period, and partly due to investment in capital additions.
- vi. Intangible assets comprise largely of goodwill on the acquisition of subsidiaries, and the value of brands acquired. Of the total intangible assets as at 31 March 2018, S\$2,148,994 relates to goodwill. Of which, S\$1,585,013 relates to the financial education segment of the business (8VIC acquired its subsidiary Financial Joy Institute Pte Ltd ("FJI") during the year ended 31 March 2017). S\$544,793 relates to the media segment of the business and S\$19,188 relates to the ecommerce segment.
- vii. Digimatic has a loan receivable from a related party, Mr Hui Jie Lim (former CEO and Executive Director of Digimatic), of S\$2.6m. The loan is unsecured and bears interest at 2% per annum for the first 2 years, and at 5% in subsequent years. The loan is repayable in full on 31 March 2022 and can be repaid either in payment of cash or equity of the borrower. The loan has been provided for in full as at 31 March 2018.
- viii. Trade and other payables increased significantly between 2017 and 2018 from S\$993k to S\$3.1m. Trade and other receivables also increased significantly during the same period, from S\$1.1m to S\$3.3m. Trade and other payables as at 31 March 2018 relate mainly to trade payables and accruals for costs incurred prior to the period end.
- ix. Unearned revenue relates to income received from clients for training courses that are due to be held subsequent to 31 March 2018.
- x. Hire purchase payables relate to the Group's motor vehicles held under finance leases.
- xi. The Company reported net assets as at 31 March 2018 of S\$11.2m and net current assets of S\$7.8m. The increase in net assets during the year ended 31 March 2018 relates to the acquisition of Digimatic during the period. The Company has a liquid balance sheet and no debt.

xii. The premium paid on acquisition relates to a 49% non-controlling interest in 8VIC Singapore Pte Ltd during the financial year ended 31 March 2017.

- 5.22 At the date of this report the management of Digimatic had not yet prepared a consolidated set of management accounts for the Digimatic Group as at 30 June 2018. Instead we have reviewed the unaudited net asset position of the Digital and Marketing Arm and the Financial Education Segment separately as at 30 June 2018 and note that the net asset position has not changed materially since 31 March 2018.
- 5.23 The table below sets out the Consolidated Statement of Financial Performance of Digimatic for the years ended 31 March 2018 and 31 March 2017.

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Notes	31 March 2018 S\$'000	31 March 2017 S\$'000
Revenue	i	17,365	10,974
Cost of sales		(9,894)	(4,418)
Gross profit	ii	7,471	6,556
 Other income		 502	 173
 Other items of expense			
Administrative expenses	iii	(7,047)	(3,686)
Finance expenses		(4)	(4)
Other Expenses		(163)	(235)
Total Expenses		(7,214)	(3,925)
 Profit before tax	iv	 759	 2,804
Income tax benefit		16	224
Profit after tax		775	3,028
 Other Comprehensive income/(expense)		 39	 (71)
Total comprehensive income		814	2,957

Source: Audited Digimatic financial statements for the year ended 31 March 2018

Note that due to the reverse acquisition noted in 5.2 above, the financial report of Digimatic is the continuation of the business and operations of the deemed accounting parent (8VIC). As such, the financial information for the comparative period ended 31 March 2017 is for 8VIC, and not Digimatic as disclosed in the financial statements for Digimatic for the year ended 31 March 2017.

- 5.24 We note the following in relation to the Group's financial performance:
- The Company recognised a 58% growth in revenue between the year ended 31 March 2017 and 31 March 2018. The increase is partly due to the acquisition of Digimatic during the period, and partly due to the growth in services provided. The subsidiary, FJI was acquired in a staged acquisition during the year ended 31 March 2017. 2018 is the first period with a full year of FJI revenue included in the P&L. 84% of revenue for the year ended 31 March 2018 was derived from programme fees, this was 100% for the year ended 31 March 2017.
 - Over the same period the gross profit percentage fell from 59.7% during 2017 to 43.0% in 2018.
 - Administrative expenses increased 91.2% between 2017 and 2018, with the largest increase in costs occurring in advertising and online marketing expenses (2018: S\$1.5m; 2017: S\$nil) and employee benefit expenses (2018: S\$4.4m; 2017: S\$2.3m). Headcount was increased to prepare for growth and expansion in the financial education sector. Overhead expenses have

also increased this period due to this being the first financial year with FJI as a subsidiary for the entire period.

- iv. The net profit before tax percentage of the Group declined from 25.5% in 2017 to 4.4% in 2018.

Group Structure

5.25 The Digimatic Group includes the following subsidiaries:

Name	Business Segment	Proportion (% of ownership interest)	
		31-Mar-18	31-Mar-17
Core Business Segments:			
8VIC Global Pte Ltd ¹	Financial education	100	-
8VIC Singapore Pte Limited (formerly Financial Joy Institute Pte Ltd) ¹	Financial education	100	-
8VIC Malaysia Sdn Bhd ¹	Financial education	100	-
8VIC Taiwan Co Ltd ²	Financial education	70	-
8VIC (Thailand) Co Ltd ²	Financial education	70	-
8VIC (Australia) Pty Ltd ²	Financial education	90	-
8VIC JooY Media Sdn BHD	Financial education	70	-
Digital and Marketing Arm:			
Digimatic Creatives Pte Ltd	Creatives	51	51
Anonymous Production Sdn Bhd	Creatives	51	51
Digimatic Media Pte Ltd	Media	100	100
Digimatic Media Sdn Bhd	Media	100	100
Wewe Media Group Pte Ltd	Media	100	100
Keaworld Pte Ltd ¹	Ecommerce	100	-
Webbynomics Pte Ltd ²	Ecommerce	51	-

¹ Acquired during the year ended 31 March 2018

² Incorporated during the year ended 31 March 2018

Capital Structure

5.26 At 29 June 2018 Digimatic has 43,577,600 ordinary shares on issue. Details of the top 10 shareholders as at 22 June 2018 are as follows:

	Shareholder	Number of Ordinary Shares	% of Total Shares
1	8I Holdings Limited and subsidiaries	31,391,817	72.04
2	Cheshire United Ltd	2,767,777	6.35
3	Ivan Ong Shao Kuang	1,709,721	3.92
4	Glorymont Ltd	1,525,216	3.50
5	HSBC Custody Nominees (Australia) Limited	783,836	1.80
6	Summerhill Group Pte Ltd	726,924	1.67
7	Seah Weiming	590,099	1.35
8	BNP Paribas Noms Pty Ltd	484,330	1.11
9	Dr Kao Jungang	482,808	1.11
10	Citicorp Nominees Pty Limited	291,906	0.67

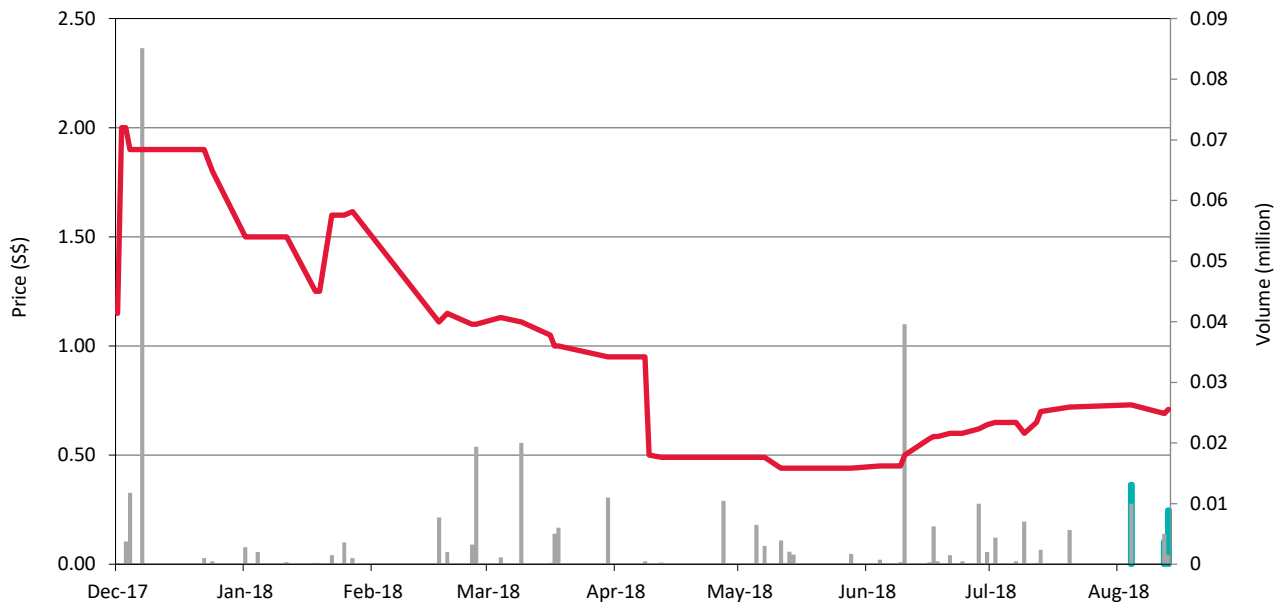
Source: Digimatic's share register

Options

5.27 Digimatic has no options over unissued shares as at 23 August 2018.

Share Price Performance

5.28 The figure below sets out a summary of Digimatic's closing share price and volume of Digimatic Shares traded from the acquisition of 8VIC to 27 August 2018. We note that the announcements made by Digimatic during the period below did not have a material effect on the Digimatic share price.



Source: S&P Capital IQ

Note that the volumes and share prices noted in the graph above have been adjusted for the share consolidation that occurred on 7 December 2017

- 5.29 Over the period, Digimatic Shares traded at a high of A\$2.00 in December 2017 and a low of A\$0.44 in May 2018. Trading volumes over this period were low and infrequent.
- 5.30 The highest single day of trading occurred on 15 December 2017 (the date that 8,803,813 shares came out of escrow). This was followed by a significant drop in the Share price of A\$0.04 in the following 5-month period. For the next approximately 5 months, the Company's Shares were very thinly traded, and few non-routine announcements were made by the Company.
- 5.31 We have considered the volume weighted average price ("VWAP") of Digimatic Shares over a range of periods ending 24 August 2018, prior to the announcement of the Proposed Transaction. An analysis of the trading volume of Digimatic's Shares for 1, 5, 10, 30, 60 and 90 trading day periods prior to 24 August 2018 is set out in the table below:

Traded volumes of Digimatic Shares to 24 August 2018

	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day
VWAP A\$	0.71	0.70	0.72	0.70	0.57	0.55
Total Volume (000's)	3	5	10	35	102	131
Total Volume as % of Total Shares	0.01	0.01	0.02	0.08	0.23	0.30
Low Price A\$	0.71	0.69	0.60	0.60	0.44	0.44
High Price A\$	0.71	0.73	0.73	0.73	0.73	0.73

Source: S&P Capital IQ, Moore Stephens analysis

5.32 The table above shows the current VWAP of Digimatic shares. Just 0.23% of the Company's Shares were traded in the 60 trading days to 24 August 2018. This is indicative of a highly illiquid stock.

6. INDUSTRY ANALYSIS

- 6.1 Digimatic's financial education business segment operates in a niche segment of the education sector, being the provision of short term courses aimed at adults that are interested in learning about value investing techniques. The courses provided are one off in nature, and do not result in any formal qualifications. They are privately funded by the individual, and are often taken in order to upskill, or for personal development.
- 6.2 The global financial crisis of 2007-2009 changed the financial landscape, with the need for financial literacy and education becoming the forefront of global attention. Since this change in financial outlook, the Asia Pacific region has seen growth within financial education and literacy.
- 6.3 Demand for these courses is vulnerable to economic conditions. The target student is generally someone with a high level of disposable income. This therefore exposes the market to potentially volatile revenue in periods of poor economic outlook.
- 6.4 There are low barriers to entry as the courses can be held in different locations with different tutors. Whilst it takes some capital investment to set up the course content, the incremental cost of delivering the course each time is relatively small.
- 6.5 The industry is diverse with a wide range of operators providing various products that are of different qualities and content. There is therefore a moderate level of competition with entities competing based on reputation and expertise. Given the lack of formal accreditation of these courses, reputation is often based on word of mouth.

Asia Pacific Region

- 6.6 8VIC operates out of the Southeast Asia with a focus to move into the Asia Pacific region as a whole. The Southeast Asian region has benefited from steady increases in household income over the past 20 years¹. Household discretionary income is forecast to continue to grow², in turn encouraging growth in demand for higher education courses in the future. Rising affluence contributes significantly to increasing demand for all levels of education.
- 6.7 The Association of Southeast Asian Nations ("ASEAN") has experienced steady growth, with this momentum expected to continue in to 2018 with expected annual GDP growth expected to be 4.9% for the 2017 year³. This surpasses the global average growth rate of 2.44%⁴.

¹ http://cdn.ey.com/parthenon/pdf/perspectives/Parthenon-EY_SE-Asia_Paper_final_092016_singles.pdf

² <https://www.austrade.gov.au/ArticleDocuments/6722/DAE%20EduWorld%20Austrade%20Report.pdf.aspx>

³ <https://www.focus-economics.com/regions/asean>

⁴ <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2016&locations=1W&start=2016&view=bar>

7. VALUATION APPROACH

Definition of Value

- 7.1 RG 111 states that a transaction is fair if the value of the consideration is greater than the value of the net assets being disposed of. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Valuation Approach Adopted

- 7.2 There are a number of methodologies which can be used to value a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market approach method (Comparable market transactions)

- 7.3 A summary of each of these methodologies is outlined in Appendix B.

Value of the Digital and Marketing Arm in Digimatic

- 7.4 In assessing the value of the Digital and Marketing Arm we have selected Net Asset Value on a going concern basis as our primary methodology.

- 7.5 Our valuation methodology was selected on the following basis:

- The Digital and Marketing Arm has a history of volatile earnings due to some of the companies receiving project-based income, with some companies in the group being loss making and some being profit making;
- Some of the companies in the Digital and Marketing Arm are newly incorporated with very little trading history;
- Given the volatile earnings and lack of trading history, the forecasts for the Digital and Marketing Arm are not considered to be reliable;
- We do not consider that the DCF basis of valuation is appropriate as the Management of the Digital and Marketing Arm are not able to reliably and accurately forecast the future cash flows of the business; and
- The Digital and Marketing Arm is a private business (owned by Digimatic) and as such its shares are not traded on a stand-alone basis.

- 7.6 As the revenue of the Digital and Marketing Arm is not derived from the value of its tangible assets, we have also considered the capitalisation of FME as a secondary valuation method. This method is limited in that we have not been able to rely on forecasts of the business as they are not considered to be reliable, and as some of the trading companies in the business do not have a significant trading history. As such, we believe that the Net Asset Value on a going concern basis is the most appropriate valuation method.

Value of the Consideration Shares

- 7.7 In assessing the value of the Consideration Shares we have assessed three different valuation approaches to value Digimatic on a minority basis. As the revenue of Digimatic is not derived from the value of its tangible assets, we have used the capitalisation of FME as our primary valuation method.

7.8 Our valuation methodology was selected on the following basis:

- The NAV methodology is not usually appropriate for a services business, such as Digimatic, as the value of the business is not derived from the value of its tangible assets. We note that there are exceptions where the earnings of a business are not reliable;
- We do not consider that the DCF basis of valuation is appropriate as the Directors and Management of 8VIC are not able to reliably and accurately forecast the future cash flows of the business;
- There is an adequate number of publicly listed companies with operations sufficiently similar to the main operating segment of Digimatic to provide meaningful analysis; and
- In the absence of reliable cash flow forecasts, FME is a reasonable proxy for operating cash flows.

7.9 Our secondary valuation is the Net Asset Value on a going concern basis. This valuation method has been considered due to the volatile historical profitability of the 8VIC group (the largest operating segment of the Digimatic Group) in the years ended 31 March 2017 and 31 March 2018. We note that the net assets valuation is inclusive of a premium for control, this has been discounted to arrive at a valuation on a minority basis.

7.10 As Digimatic's shares are listed on the ASX, there is a regulated and observable market for them, however, consideration must be given to their liquidity in order to be able to rely on the QMP method. Our analysis in Section 5 shows that the Digimatic Shares are illiquid. As such, it is not considered appropriate to rely on the QMP valuation methodology.

8. VALUATION OF THE DIGITAL AND MARKETING ARM OF DIGIMATIC

- 8.1 As stated at Section 7.4 we have assessed the value of the Digital and Marketing Arm on a Net Asset Value on a going concern basis.

Net Asset Valuation of the Digital and Marketing Arm of Digimatic on a Going Concern Basis (primary methodology)

- 8.2 We have assessed the value of the Digital and Marketing Arm on a control basis based on the Net Asset Value method, as summarised in the table below.

Consolidated Statement of Financial Position	Ref	As at 30 June 2018 Actual S\$'000	As at 30 June 2018 Adjusted* S\$'000	Low Value S\$'000	High Value S\$'000
CURRENT ASSETS					
Cash and cash equivalents	8.5	4,310	2,949	2,949	2,949
Trade and other receivables	8.6	1,451	1,451	1,451	1,451
Inventory	8.7	1,261	1,261	1,261	1,261
Prepayments		73	73	73	73
TOTAL CURRENT ASSETS		7,095	5,734	5,734	5,734
NON-CURRENT ASSETS					
Property, plant & equipment	8.8	329	329	160	170
Other investments	8.9	100	100	-	100
TOTAL NON-CURRENT ASSETS		429	429	160	270
TOTAL ASSETS		7,524	6,163	5,894	6,004
CURRENT LIABILITIES					
Trade and other payables	8.10	3,368	2,008	2,008	2,008
Unearned income	8.11	1,402	1,402	1,402	1,402
Provision for income tax		102	102	102	102
TOTAL CURRENT LIABILITIES		4,872	3,512	3,512	3,512
NON-CURRENT LIABILITIES					
Provision for reinstatement costs		70	70	70	70
Deferred tax liability		20	20	20	20
TOTAL NON-CURRENT LIABILITIES		90	90	90	90
TOTAL LIABILITIES		4,962	3,602	3,602	3,602
NET ASSETS		2,561	2,561	2,292	2,402
Non-Controlling interest		381	381	381	381
NET ASSETS TO BE ACQUIRED		2,180	2,180	1,911	2,021

*Refer to Section 8.4 for adjustments

- 8.3 The Actual Statement of Financial Position has been extracted from the unaudited management accounts of Digimatic at 30 June 2018. We have reviewed the audited financial statements of Digimatic for the year ended 31 March 2018 and note that there has not been a significant change in the net assets of Digimatic since 31 March 2018.
- 8.4 The Adjusted Statement of Financial Position included in the Actual Statement of Financial Position noted in section 8.2 above has been adjusted for the following transactions as noted in the binding Share Swap and Buyback Agreement for the sale and purchase of the Digital and Marketing Arm dated 26 July 2018:

Transaction adjusted for	Impact on cash S\$	Impact on liabilities S\$
Repayment of the loan payable to Digimatic by WWM as at 30.06.2018	(858,791)	(858,791)
Repayment of the loan payable to Digimatic by WBY as at 30.06.2018	(501,949)	(501,949)
Total adjustments	(1,360,740)	(1,360,740)

- 8.5 Cash and cash equivalents as at 30 June 2018 are comprised of cash deposits at bank. The balance has been adjusted for the full repayment of loans payable to DMC as noted in 8.4 above.
- 8.6 Trade and other receivables include mainly trade receivables (S\$1.3m) which are unsecured. These receivables are considered to be recoverable, as confirmed with management.
- 8.7 Inventory consists of trading goods used in the e-commerce business segment of the group. We have reviewed the ageing of the inventory report and note that over 99% of the inventory in hand as at 30 June 2018 is less than 6 months old. Inventory mainly includes non-perishable baby products and toys. We are not aware of any impairment to the inventory held as at 30 June 2018.
- 8.8 The property, plant and equipment of Digimatic as at 30 June 2018 are measured at depreciated cost and largely consist of office renovations, production equipment, software development and other computer and office equipment. Included in the actual balance as at 30 June 2018 is a total of S\$10k relating to the KEA trademark. We have not been able to perform a reliable impairment assessment of the trademark asset and as such have impaired this to nil in our low fair value assessment. The office lease expires in November 2018, and the landlord has been informed that the lease will not be renewed. As such, we have impaired the value of the leasehold improvements of \$158k to nil in both the high and low fair value assessments.
- 8.9 Other investments consist of unquoted shares. As these shares are not able to be traded in an open market we are not able to ascertain their current fair value with any certainty, therefore we considered it appropriate to include a range of values for this investment between S\$nil and S\$100k.
- 8.10 Trade and other payables consist of trade payables (S\$721k), accrued expenses (S\$1,107) and other payables (S\$180k)
- 8.11 Unearned income relates to income received in advance for services not yet provided.

Control Premium

- 8.12 Mr Ong will be acquiring 100% of the Digital and Marketing Arm of Digimatic. As such, a control premium should be added to the value of the businesses to reflect the control acquired by Mr Ong.
- 8.13 The net asset value method implies a premium for control has already been factored into the value. Therefore, our calculation of the fair market value of the Digital and Marketing Arm of Digimatic has been prepared on a control basis.

Valuation summary

- 8.14 Our assessed value of the Digital and Marketing Arm of Digimatic on a control basis calculated using the net assets on a going concern basis methodology noted above, is between S\$1.9 million and S\$2.0 million.

Capitalisation of future maintainable earnings (secondary methodology)

- 8.15 As an alternative to the Net Asset Value above, we have assessed the enterprise value of the Digital and Marketing Arm on a control basis to be in the range of approximately S\$3.0 million to S\$3.3 million based on the capitalisation of FME methodology, as summarised in the table below.

Assessed value of the Digital and Marketing Arm on a control basis

	Ref	Low S\$'000	High S\$'000
Assessed EBITDA	8.20	250	250
Assessed EBITDA multiple	8.30	2.9	3.9
Enterprise value on a control basis		720	975
Add surplus assets	8.32	1,077	1,077
Add net cash	8.33	1,237	1,237
Equity Value on a control basis		3,034	3,289

Source: Moore Stephens analysis

- 8.16 The capitalisation of earnings methodology estimates the value of the equity of a company by capitalising the future maintainable earnings of the underlying business at an appropriate multiple, which reflects the underlying risk profile and growth prospects of the business applying a premium for control where necessary, adding the value of any surplus or non-operating assets (or deducting any excess or non-operating liabilities) and deducting net debt (or adding net cash). Accordingly, valuing the Digital and Marketing Arm of Digimatic using the capitalisation of maintainable earnings methodology requires the determination of the following variables:

- future maintainable earnings;
- an appropriate capitalisation multiple;
- an appropriate premium for control;
- the current level of net debt or net cash; and
- the value of surplus assets or liabilities.

- 8.17 Our considerations with regard to each of these factors is presented below:

Future maintainable earnings

- 8.18 Our calculation of future maintainable earnings is based on the Non-Core Business Segment's future maintainable earnings before interest, tax, depreciation and amortisation (EBITDA). We have used future maintainable EBITDA as it allows earnings and therefore appropriate capitalisation rates to be compared to other companies as:
- the EBITDA calculation is unaffected by capital structure (level of gearing);
 - the EBITDA calculation is not impacted by tax structure or different income tax rates; and
 - EBITDA is a fair representation of the actual cash that flows through the company.
- 8.19 In assessing future maintainable earnings, we have had regard to the following financial results:

- Financial information for the Digital and Marketing Arm extracted from the audited financial statements of DMC for the years ended 31 March 2016, 2017 and 2018. The financial information of the Digital and Marketing Arm has not been audited on a standalone basis; and
- Unaudited financial information for the Digital and Marketing Arm for the 3-month period ended 30 June 2018.

8.20 The table below shows a summary of the financial information of the Digital and Marketing Arm for the years ended 31 March 2017 and 2018.

Financial information of the Digital and Marketing Arm

	Ref	Year ended 31 March 2018 S\$'000	Year ended 31 March 2017 S\$'000
Adjusted EBITDA ¹	8.22	246	238
Assessed Future Maintainable Earnings ("FME")		250	

Source: Moore Stephens analysis

¹Adjusted as per paragraph 8.22 below

8.21 The unaudited financial information of the Digital and Marketing Arm for the three months ended 30 June 2018, indicates that the Digital and Marketing Arm generated an adjusted annualised EBITDA of S\$470k. The increase in profitability for these three months is directly due to the performance of Keaworld Pte Ltd ("KEA"). KEA commenced trading towards the end of the financial year ended 31 March 2018 and has experienced significant growth in revenue for the first three months of the 2019 financial year. We have not been able to rely on these annualised results in our FME calculation, as there is no reliable evidence to support whether the earnings for the first quarter of the year ended 31 March 2019 can be maintained.

8.22 We have made the following normalisation adjustments to the EBITDA for the Digital and Marketing Arm:

	Year ended 31 March 2018 S\$'000	Year ended 31 March 2017 S\$'000
EBITDA	465	30
Add back management fee paid to Digimatic for administrative expenses	295	526
Less estimated administrative expenses to be incurred by the Digital and Marketing Arm post Proposed Transaction	(237)	(237)
Less rent received from Digimatic for office sharing	(157)	(45)
Add back donation expense	7	7
	373	281
Less non-controlling interest	(127)	(43)
Adjusted EBITDA	246	238

Source: Moore Stephens analysis

8.23 On the basis of our review of the financial information above and from our discussions with management, we consider the future maintainable EBITDA of the Digital and Marketing Arm to be in the region of S\$250,000. Given the short trading history of some of the companies included in the Digital and Marketing Arm forecasting revenue is difficult, and there are no historical earnings on which to rely. As such the most recent financial year results are considered to be the most reliable indicator of future maintainable earnings.

Assessment of Capitalisation Multiple

In selecting an appropriate capitalisation multiple to value the Digital and Marketing Arm we have considered a multiple applicable to a small, private company with EBITDA of less than \$0.5m. The market for small, private companies is typically unclear with regard to trading multiples. However, empirical evidence suggests a range of between 3 and 4 times EBITDA is reasonable. In order to support the reasonableness of this multiple range, we have considered comparable listed company multiples.

Adjustments to the comparable company trading multiples

Control premium

- 8.24 We note that the Share price of a listed company represents the market value of a non-controlling interest in that company and, as such, any earnings multiple derived from those share prices are consequently non-controlling multiples and they do not reflect a premium for control. In order to calculate the value of a controlling interest prior to adjusting for surplus assets/liabilities and net debt, we must apply a control premium to the enterprise value multiple.
- 8.25 We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are affected by such factors as:
- Nature and magnitude of non-operating assets;
 - Quality of management;
 - Nature and magnitude of business opportunities/assets not currently being exploited;
 - Degree and confidence in future synergies;
 - Level of pre-announcement speculation of the transaction;
 - Level of liquidity in the trade of the acquiree's securities; and
 - The stage in the economic cycle.
- 8.26 A review of control premiums paid by acquirers of companies listed on the ASX in recent years indicates a range of premiums between 20% and 30% is reasonable. We believe that this reflects an appropriate rate of control premia to be applied in our valuation of the Digital and Marketing Arm of Digimatic.

Business specific risk

- 8.27 Business specific risk is a subjective adjustment made to comparable company trading multiples in order to allow for the differences between the comparable companies used to arrive at a comparable multiple and the specific multiple applied to the target business being valued. When assessing any business specific risk adjustment, we have considered the following:
- The Digital and Marketing Arm's EBITDA is at the lower end of the range of the comparable companies;
 - Some of the companies in the Digital and Marketing Arm have experienced volatile trade historically;
 - The Digital and Marketing Arm is formed of private companies and as such its shares will have limited marketability;
 - The Digital and Marketing Arm's net assets are lower than all of the comparable companies; and
 - The Digital and Marketing Arm includes companies that are newly incorporated with a limited trading history, whereas the majority of the comparable companies are established trading companies with a long track record.
- 8.28 Based on our analysis of business specific risk, we are of the opinion that the Digital and Marketing Arm carries more risk than the comparable companies used in our analysis. We have arrived at this conclusion on the basis that the Digital and Marketing Arm has a shorter track record of stable historical earnings than the comparable companies.

- 8.29 We consider that it is reasonable to apply a business specific risk discount of 50% to the comparable company multiple.

Conclusion on capitalisation multiple

- 8.30 Based on our analysis of comparable company multiples, we consider an appropriate controlling multiple for the Digital and Marketing Arm of Digimatic to be in the range of 2.9 to 3.9 times. In assessing this range, we have considered inter-alia:

Assessed Multiples of the Digital and Marketing Arm

	Ref	Multiple Range	
		Low	High
EBITDA multiple for comparable listed companies	Appendix D	4.8	6.0
Less: business specific discount (50%)	8.29	(2.4)	(3.0)
EBITDA multiple (on a minority basis)		2.4	3.0
Control premium (20% - 30%)	8.26	0.5	0.9
EBITDA multiple (on a control basis)		2.9	3.9

Source: Moore Stephens analysis

Equity Value

- 8.31 In calculating the equity value of the Digital and Marketing Arm of Digimatic we make the following adjustments to the Enterprise Value:

Equity Value on a Control Basis

	Ref	Low	High
		S\$'000	S\$'000
Enterprise value	8.15	720	975
Add surplus assets	8.32	1,077	1,077
Add net cash	8.33	1,237	1,237
Equity Value on a control basis		3,034	3,289

Source: Moore Stephens analysis

We make the following comments in relation to the adjustments to derive equity value:

Surplus assets

- 8.32 Surplus assets and liabilities are those assets and liabilities not required to sustain the adopted level of earnings. We have assessed that the Digital and Marketing Arm has the following surplus assets and liabilities as at 30 June 2018:

Surplus assets and liabilities

	Ref	As at 30 June 2018 S\$'000
Inventory held by KEA as at 30 June 2018		1,077
Net surplus assets		1,077

Source: Moore Stephens analysis

Given the start-up nature of KEA (commenced trading towards the end of the year ended 31 March 2018), KEA's contribution to the profit for that period was minimal. On review of the unaudited management accounts of KEA for the three months ended 30 June 2018, we note that KEA made a profit before tax of S\$111,451. Annualised this would amount to approximately S\$446,000. KEA is in a growth

phase of its life cycle with only three months of profitable earnings evident. As such we are not able to rely on these short-term results as evidence of the long-term profitability of this business. As the potential results of KEA have effectively been excluded from the Enterprise Value calculation noted above, we have treated the inventory it held as at 30 June 2018 as a surplus asset in the Equity Valuation above.

Net cash

- 8.33 The cash balance of the Digital and Marketing Arm of Digimatic as at 30 June 2018 has been reduced by the value of deferred revenue at the same date to account for cash received in advance for services to be provided in the future. Net debt has been adjusted for the non-controlling interest portion.

Valuation summary

- 8.34 Our assessed value of the Digital and Marketing Arm of Digimatic on a control basis, as calculated using the FME valuation methodology noted above, is between S\$3.0 million and S\$3.3 million.

Valuation conclusion

The valuations performed above provide a range of values for the Digital and Marketing Arm between S\$1,911,000 and S\$3,289,000 as follows:

	Ref	Low S\$'000	High S\$'000
Fair Value of the Digital and Marketing Arm using the NAV on a going concern basis	8.14	1,911	2,021
Fair value of the Digital and Marketing Arm using the capitalisation of FME basis	8.34	3,034	3,289

Source: Moore Stephens analysis

- 8.35 Whilst the Digital and Marketing Arm is a service-based industry, we consider that the NAV valuation methodology provides the most reliable indicator of the Fair Value of the Digital and Marketing Arm. This is because some companies in the Digital and Marketing Arm having a very short trading record, variable historic earnings, unreliable forecasts and project-based income. As such, the profitability of the group is difficult to predict with any certainty, increasing the risk associated with the FME valuation.
- 8.36 Whilst we have provided a range of values, we consider there is significant risk associated with forecasting the future profitability of the Digital and Marketing Arm of Digimatic. As such, in our opinion, our preferred value lies at the lower end of the range of values.

9. VALUATION OF CONSIDERATION

- 9.1 As consideration for the Digital and Marketing Arm, Mr Ong will transfer a total of 3,031,974 fully paid shares in Digimatic ("Consideration Shares") to Digimatic, which will subsequently be cancelled.
- 9.2 As stated in Section 7.7, for our primary valuation of the Consideration Shares we have adopted the capitalisation of future maintainable earnings ("FME") methodology.

Capitalisation of future maintainable earnings (primary methodology)

- 9.3 We have used the capitalisation of future maintainable earnings to assess the value of Digimatic prior to the Proposed Transaction, and the value of the Consideration Shares as a result of this valuation.
- 9.4 We have assessed the enterprise value of Digimatic on a minority basis to be in the range of approximately S\$3.6 million to S\$17.1 million based on the capitalisation of FME methodology, as summarised in the table below.

Assessed value of Digimatic on a minority basis

	Ref	Low S\$'000	High S\$'000
Assessed EBITDA of 8VIC	9.9	848	2,500
Assessed EBITDA of the Digital and Marketing Arm	8.20	250	250
Assessed EBITDA of DMC (listed parent only)	9.14	(430)	(430)
Assessed EBITDA of Digimatic		668	2,320
Assessed EBITDA multiple	9.25	5.4	7.4
Enterprise value on a minority basis		3,613	17,059

Source: Moore Stephens analysis

- 9.5 The capitalisation of earnings methodology estimates the value of the equity of a company by capitalising the future maintainable earnings of the underlying business at an appropriate multiple, which reflects the underlying risk profile and growth prospects of the business applying a premium for control where necessary, adding the value of any surplus or non-operating assets (or deducting any excess or non-operating liabilities) and deducting net debt (or adding net cash). Accordingly, valuing Digimatic using the capitalisation of maintainable earnings methodology requires the determination of the following variables:
- future maintainable earnings;
 - an appropriate capitalisation multiple;
 - the current level of net debt or net cash; and
 - the value of surplus assets or liabilities.
- 9.6 Our considerations with regard to each of these factors is presented below:

Future maintainable earnings

- 9.7 Our calculation of future maintainable earnings is based on Digimatic's future maintainable earnings before interest, tax, depreciation and amortisation (EBITDA). We have used future maintainable EBITDA as it allows the Company's earnings, and therefore appropriate capitalisation rates, to be compared to other companies as:
- the EBITDA calculation is unaffected by capital structure (level of gearing);
 - the EBITDA calculation is not impacted by tax structure or different income tax rates; and
 - EBITDA is a fair representation of the actual cash that flows through the company.

Future maintainable earnings in 8VIC

9.8 In assessing future maintainable earnings of 8VIC (the Financial Education segment of Digimatic), we have had regard to the following financial results of 8VIC:

- Financial information for 8VIC extracted from the audited financial statements of 8I Holdings Limited (the ultimate parent company of 8VIC prior to its acquisition by Digimatic in November 2017) for the years ended 31 March 2016 and 2017. The financial information of 8VIC has not been audited on a standalone basis.;
- Financial information for 8VIC extracted from the audited financial statements of Digimatic for the year ended 31 March 2018. The financial information of 8VIC has not been audited on a standalone basis.;
- Unaudited financial information for 8VIC's subsidiary Financial Joy Institute Pte Limited for the year ended 31 March 2016 and 31 March 2017; and
- Unaudited year to date management accounts to 30 June 2018 for 8VIC (representing the three months then ended).

Financial information of 8VIC

9.9 The table below shows a summary of the financial information of 8VIC for the years ended 31 March 2016 and 2017.

	Year ended 31 March 2018 S\$'000	Year ended 31 March 2017 S\$'000	Year ended 31 March 2016 S\$'000
Adjusted EBITDA ¹	848	4,053	2,891
Assessed Future Maintainable Earnings ("FME")	848 to 2,500		

Source: Moore Stephens analysis

¹ Adjusted for the timing of the acquisition of FJI (see paragraph 9.12 below)

9.10 The annualised unaudited financial information of 8VIC for the three months ended 30 June 2018 show that 8VIC generated an EBITDA of S\$705,000.

9.11 The actual results for 8VIC for the year ended 31 March 2018 are significantly lower than those forecast for the period. On discussion with management the decline in profitability is due to the significant changes in the entity during the year including the costs to drive expansion of the business into new regions. The forecasts of 8VIC for the year ended 31 March 2019 indicate that 8VIC will generate profits in excess of those derived in FY18. Given the significant fluctuations in results in the previous three years, and the actual results achieved for the three months ended 30 June 2018 (as noted in Section 9.10 above), we do not consider that we can place reliance on the forecasts for 8VIC. As such, an average of the earnings for the most recent two financial years is considered to be the most reliable indicator of future maintainable earnings.

9.12 We have made the following normalisation adjustment to the EBITDA for 8VIC:

	Year ended 31 March 2018 S\$'000	Year ended 31 March 2017 S\$'000	Year ended 31 March 2016 S\$'000
EBITDA	848	3,739	2,841

8VIC acquired the subsidiary FJI on 29 June 2016, as such the results for FJI were consolidated into the financial statements of 8VIC from this date. For the purposes of the FME calculation we have adjusted the EBITDA for the year ended 31 March 2017 to assume

-	314	50
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that FJI was acquired on 1 April 2015, and therefore have incorporated the results of FJI for the full years ended 31 March 2017 and 31 March 2016.

Adjusted EBITDA	848	4,053	2,891
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Source: Moore Stephens analysis

- 9.13 On the basis of our review of the financial information above, from our discussions with management, and our comments in Section 9.11 above we consider the future maintainable EBITDA of 8VIC to be in the region of S\$848,000 to S\$2,500,000.

Future maintainable earnings in DMC

- 9.14 The table below shows a summary of the financial information of DMC for the three months ended 30 June 2019.

	Annualised 3 months ended 30 June 2018 S\$'000
Adjusted EBITDA ¹	(430)

Source: Moore Stephens analysis

¹ Adjusted as per Section 9.17 below

- 9.15 The annualised unaudited financial information of DMC for the three months ended 30 June 2018 show that DMC is expected to generate an EBITDA of (S\$430,000).
- 9.16 DMC does not generate external revenue. It incurs the administrative expenses for the listed group. At the start of the financial year ended 31 March 2019, the CFO of DMC resigned. This significantly reduced the costs incurred by DMC. On discussion with management, the CFO is not expected to be replaced as the group has adequate resources now that they have acquired 8VIC. As such the costs incurred for the first quarter of the year ended 31 March 2019 is considered to be a more accurate reflection of the costs of DMC going forward.
- 9.17 We have made the following normalisation adjustment to the EBITDA for DMC:

	Annualised 3 months ended 30 June 2018 S\$'000
EBITDA	(460)
Add back intercompany transactions with the Digital and Marketing Arm	148
Less one-off impairment recovered	(120)
Adjusted EBITDA	(432)

Source: Moore Stephens analysis

- 9.18 On the basis of our review of the financial information above, from our discussions with management, and our comments in Section 9.16 above we consider the future maintainable EBITDA of DMC to be in the region of (S\$430,000).

Assessment of Capitalisation Multiple

- 9.19 In selecting an appropriate capitalisation multiple to value Digimatic we have considered the trading multiples of equities of listed companies based on the following criteria:
- Exposure to education and training in the Asia/Pacific region;

- Significant exposure to after school or extra curricula education; and
- Market capitalisation below S\$500m.

In assessing the multiple for Digimatic we have used the multiple for its core business activity, being 8VIC (the financial education segment) as this is most likely to influence the returns of the group going forward.

Comparable trading company multiples

9.20 The table below sets out a summary of the historic and forecast EBITDA multiples of entities listed on the ASX whose operations and activities are comparable to those of Digimatic. A brief description of each of the comparable companies is set out at Appendix C.

Summary of comparable company trading multiples

Company Name	Ticker	Market Capitalisation (\$)	Enterprise Value (\$)	FY18 EBITDA (\$)	LTM EBITDA Multiple (x)
Meiko Network Japan Co., Ltd.	TSE:4668	364	293	-	12.4
Aptech Limited	BSE:532475	181	171	5	33.8
CMS Education Co., Ltd.	KOSDAQ:A225330	176	180	-	9.1
Waseda Academy Co., Ltd.	TSE:4718	194	206	22	9.2
JLS Co.,Ltd.	KOSDAQ:A040420	132	135	-	7.6
CL Educate Limited	BSE:540403	39	41	2	17.2
Kyoshin Co., Ltd.	TSE:4735	87	148	14	10.6
TAC Co.,Ltd.	TSE:4319	61	79	14	5.8
Career Point Limited	NSEI:CAREERP	31	36	6	5.9
MT Educare Limited	BSE:534312	73	58	(35)	-1.7
Johanan Academic Preparatory Institute, Inc.	JASDAQ:4720	51	30	6	4.9
Ichishin Holdings Co.,Ltd.	JASDAQ:4645	73	108	12	9.2
RedHill Education Limited	ASX:RDH	107	97	7	13.0
Kip McGrath Education Centres Limited	ASX:KME	31	25	3	8.4
Average		114.3	114.7	8.4	10.4
Median		80.2	102.3	9.6	9.1

Source: S&P Capital IQ, Moore Stephens analysis

9.21 Based on the table above, we consider a trading multiple of between 9.0 and 10.5 times to be an appropriate reflection of a multiple attributable to a business similar to Digimatic.

Adjustments to the comparable company trading multiples

Business specific risk

9.22 Business specific risk is a subjective adjustment made to comparable company trading multiples in order to allow for the differences between the comparable companies used to arrive at a comparable multiple and the specific multiple applied to the target business being valued. When assessing any business specific risk adjustment, we have considered the following:

- Digimatic's revenue is lower than all of the comparable companies;
- Digimatic's net assets are lower than all of the comparable companies;

- Digimatic has a focussed education topic, relying on finance-based training delivered in short time periods and potentially one off. In addition, there are no formal qualifications that are derived following attendance.
- The majority of the comparable companies offer training that requires longer periods of interaction and focus on broader skills. The training is often focussed on improving school performance or employability.
- Digimatic has experienced periods of strong growth in recent years, whereas the majority of the comparable companies are established trading companies with a long track record.
- Digimatic's recent and expected financial performance has been and is expected to be highly variable. As such, we are of the opinion that there is a high degree of uncertainty as to an appropriate maintainable earnings figure.

9.23 Based on our analysis of business specific risk, we are of the opinion that the Digimatic business carries more risk than the comparable companies used in our analysis. We have arrived at this conclusion on the basis that, on balance, Digimatic is less diversified, is focussed on a niche training area and has a shorter track record than the comparable companies.

9.24 We consider that it is reasonable to apply a business specific risk discount of between 30% and 40% to the comparable company multiple.

Conclusion on capitalisation multiple

9.25 Based on our analysis of comparable company multiples, we consider an appropriate controlling multiple for Digimatic to be in the range of 5.4 to 7.4 times. In assessing this range, we have considered inter-alia:

Assessed Multiples of Digimatic

	Ref	Multiple Range	
		Low	High
EBITDA multiple for comparable listed companies		9.0	10.5
Less: business specific discount (30% - 40%)	9.21	40%	30%
Digimatic EBITDA multiple		5.4	7.4

Source: Moore Stephens analysis

Comparable transaction multiple

9.26 As a cross check to our calculation of the comparable trading multiples set out above, we have analysed the recent comparable transaction with Financial Joy Institute ("FJI").

9.27 The Financial Joy Institute ("FJI") transactions are direct reflections of the Digimatic business because they summarise the acquisition of FJI by 8VIC. FJI was acquired in two transactions on 29 June 2016 and 24 March 2017. The transactions had two different multiples for each stage of the acquisition. The first multiple applied by 8VIC was 8x, the second was 10x. We note that the multiple of 8x was applied in the transaction that resulted in 8VIC taking a controlling interest in FJI. At the time of the initial transaction, FJI had revenue of S\$1.5m and EBITDA of S\$0.5m. The second transaction resulted in 8VIC taking 100% control of FJI and was completed with an EBITDA multiple of 10x. At the time of the final transaction, the FJI business was generating revenue of S\$4m and EBITDA of S\$1.5m. As such, despite the first transaction being the control transaction, a higher multiple could have been justified on the second transaction on the basis 100% control was being obtained and that the business was operating with much higher revenue and profits.

The acquisition of FJI was completed on an arms' length basis but could reflect a market leader acquiring a competitor to retain and expand market share. As such, an 8x multiple could be reflective of a willing but not anxious buyer but a 10x multiple may reflect a more than willing buyer. In any case, the multiples paid by 8VIC to acquire FJI support our comparable trading multiples derived in Section 9.21.

Equity Value

9.28 In calculating the equity value of Digimatic we make the following adjustments to the Enterprise Value:

Equity Value of 8VIC on a Minority Basis

	Ref	Low S\$'000	High S\$'000
Enterprise value	9.4	3,613	17,059
Add surplus assets	9.30	1,077	1,077
Add net cash	9.31	5,563	5,563
Equity Value on a minority basis		10,253	23,700
Number of shares on issue in Digimatic at the date of this report		43,577,600	43,577,600
Assessed Fair Value of Digimatic per share		S\$0.24	S\$0.54
Consideration Shares to be transferred to Digimatic as consideration for the Digital and Marketing Arm		3,031,974	3,031,974
Assessed fair value of the Consideration Shares to be transferred to Digimatic as consideration for the Digital and Marketing Arm		S\$713	S\$1,649

Source: Moore Stephens analysis

9.29 We make the following comments in relation to the adjustments to derive equity value:

Surplus assets

9.30 Surplus assets and liabilities are those assets and liabilities not required to sustain the adopted level of earnings. We have assessed that Digimatic has the following surplus assets and liabilities as at 30 June 2018:

Surplus assets of Digimatic

	Ref	As at 30 June 2018 S\$'000
Inventory held by KEA as at 30 June 2018	8.36	1,077
Net surplus assets		1,077

Source: Moore Stephens analysis

Given the start-up nature of KEA (commenced trading towards the end of the year ended 31 March 2018), KEA's contribution to the profit for that period was minimal. On review of the unaudited management accounts of KEA for the three months ended 30 June 2018, we note that KEA made a profit before tax of S\$111,451. Annualised this would amount to approximately S\$446,000. KEA is in a growth phase of its life cycle with only three months of profitable earnings evident. As such we are not able to rely on these short-term results as evidence of the long-term profitability of this business. As the results of KEA have effectively been excluded from the Enterprise Value calculation noted above, we have treated the inventory it held as at 30 June 2018 as a surplus asset in the Equity Valuation above.

Net cash

9.31 The cash balance of Digimatic as at 30 June 2018 has been reduced by the value of deferred revenue at the same date to account for cash received in advance for services to be provided in the future. Net cash has been adjusted for the non-controlling interest portion.

	Ref	As at 30 June 2018
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	S\$'000
Net cash of 8VIC	2,293
Net cash of the Digital and Marketing Arm	2,598
Net cash of DMC	672
Net cash	5,563

Source: Moore Stephens analysis

Valuation summary

- 9.32 Our assessed value of the Consideration Shares to be transferred to Digimatic on a minority basis, as calculated using the FME valuation methodology noted above, is between S\$713,000 and S\$1,649,000.

Net Asset Valuation of Digimatic on a Going Concern Basis (secondary method)

- 9.33 We have assessed the value of the Consideration Shares on a minority basis to be between S\$563,758 and S\$654,300 based on the net assets on a going concern method, as summarised in the table below.

Consolidated Statement of Financial Position	Ref	Actual 31 March 2018 S\$'000	Low Value S\$'000	High Value S\$'000
ASSETS				
Current assets				
Cash and cash equivalents		9,880	9,880	9,880
Trade and other receivables		3,318	3,318	3,318
Other current assets		1,460	1,460	1,460
		14,658	14,658	14,658
Non-current assets				
Property, plant & equipment		1,129	1,129	1,129
Other investments	9.35	107	7	107
Intangible assets	9.38	2,196	1,586	2,196
Other assets		217	217	217
		3,649	2,939	3,649
Total assets		18,307	17,597	18,307
LIABILITIES				
Current liabilities				
Trade and other payables		3,126	3,126	3,126
Unearned revenue		3,528	3,528	3,528
Other current liabilities		221	221	221
		6,875	6,875	6,875
Non-current liabilities				
Non-current liabilities		196	196	196
		196	196	196
Total liabilities		7,071	7,071	7,071
NET ASSETS		11,236	10,523	11,236
Number of shares on issue at the date of this report			43,577,600	43,577,600
Value per share (S\$)			0.24	0.26
Number of Consideration Shares			3,031,974	3,031,974
Value of Consideration Shares (S\$)			732,153	788,313

Minority Discount	9.52	23%	17%
Value of Consideration Shares on a Minority Basis (\$\$)		563,758	654,300

Source: Audited Digimatic financial statements for the year ended 31 March 2018

- 9.34 The Statement of Financial Position has been extracted from the audited financial statements of Digimatic at 31 March 2018. We have reviewed the management accounts of Digimatic for the period ended 30 June 2018 and note that there has not been a significant change in the net assets of Digimatic since 31 March 2018. The table above indicates the net asset value of the Consideration Shares on a minority basis is between S\$563,758 and S\$654,300.
- 9.35 Current other investments include S\$178k of quoted investments and non-current other investments include S\$7k of quoted investments and S\$100k of unquoted investments. As unquoted shares are not able to be traded in an open market we are not able to ascertain their current fair value with any certainty, therefore we considered it appropriate to include a range of values for the non-current investment between S\$7k and S\$107k.
- 9.36 The intangible assets of Digimatic as at 31 March 2018 largely consist of goodwill on the acquisition of subsidiaries (S\$2,148,994), and the carrying value of trademarks (S\$47,287).
- 9.37 The goodwill of the Group is attributable to different business segments as follows:
- Education segment S\$1,586,013
 - Media segment S\$544,793
 - Ecommerce segment S\$19,188
- 9.38 We note from review of the 31 March 2018 annual report of Digimatic's parent company, 8I Holdings Pte Ltd ("8IH"), that 8IH impaired the value of the Media and Ecommerce goodwill in Digimatic to nil on acquisition. This is consistent with our discussions with the management of 8IH with regards to the value of these intangible assets. As such we consider it appropriate to include a 'low' value for Media and Ecommerce segment goodwill of S\$nil. However, we note that the Media business segment of Digimatic was profitable for the year ended 31 March 2018, and the expectations are that profitability will continue into the future. While we haven't relied on the earnings as a standalone valuation, the profitability of the Media segment provides support that there is value in the goodwill in the balance sheet. Therefore, we have retained the value of the Media and Ecommerce segment goodwill in our 'high' valuation.
- 9.39 The carrying value of the trademarks as at 31 March 2018 is S\$47,287. Similarly, to goodwill above, we have not been able to perform a reliable impairment assessment of this asset, as such we have included a range of values for the brand asset between S\$nil and S\$47,287.

Minority Discount

- 9.40 We note that the net asset value method represents the market value of a controlling interest in that company and, as such, any value based on net assets reflects a premium for control. In order to calculate the value of a non-controlling interest, we must apply a minority discount to the value calculated.
- 9.41 The minority discount used is the inverse of a premium for control. We have reviewed the control premiums paid in recent years by companies listed on the ASX. There is significant variability in control premiums paid which are affected by such factors as:
- Nature and magnitude of non-operating assets;
 - Quality of management;
 - Nature and magnitude of business opportunities/assets not currently being exploited;
 - Degree and confidence in future synergies;

- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities; and
- The stage in the economic cycle.

9.42 A review of control premiums paid by acquirers of companies listed on the ASX in recent years indicates a range of premiums between 20% and 30% is reasonable. We believe that this reflects an appropriate rate of control premia to be applied in our valuation. As such the minority discount to be applied is between 17% and 23%.

Valuation summary

9.43 Our assessed value the Consideration Shares to be transferred to Digimatic on a minority basis is between S\$563,758 and S\$654,300 based on the net assets on a going concern method.

Valuation summary and conclusion

9.44 We assessed the fair value of the Consideration Shares using both the capitalisation of FME basis and the NAV on a going concern basis. The range of valuations is noted below.

	Low Value S\$'000	High Value S\$'000
Assessed Fair Value of Consideration Shares on a minority basis using the capitalisation for FME basis	713	1,649
Assessed Fair Value of Consideration Shares on a minority basis using the NAV on a going concern basis	564	654

9.45 In our opinion, we consider the capitalisation of FME valuation methodology provides the most reliable indicator of the Fair Value of the Consideration Shares as Digimatic is a service provider and does not generate revenue from its assets base. As such we have adopted this valuation range for our preferred assessed value of the Consideration Shares.

9.46 As stated in Section 7, we considered the QMP valuation methodology as a cross check method of valuing Digimatic, however given the illiquid nature of Digimatic shares this method was not considered to be appropriate. The VWAP noted in Section 5.28 indicated a value of A\$0.70 based on 1-30 day VWAP values which would give a value to the total Consideration of A\$2,122,382. Whilst we do not consider Digimatic shares to have enough liquidity to form a reliable measure of value, we note that the QMP value provides some support for the upper end of our valuation range.

10. COMPARISON OF THE VALUE OF NON-ASSOCIATED SHAREHOLDERS INTERESTS PRE AND POST PROPOSED TRANSACTION

- 10.1 We have compared the value of the Non-Associated Shareholders shares in Digimatic pre and post the Proposed Transaction by comparing the Net Tangible Assets ("NTA") per Digimatic share pre and post the Proposed Transaction and comparing the earnings per Digimatic share pre and post the Proposed Transaction.

Impact of the Proposed Transaction on Issued Share Capital

	Pre Proposed Transaction	Post Proposed Transaction
Number of shares on issue in Digimatic	43,577,600	40,545,626

Source: Moore Stephens analysis

Impact on NTA per Digimatic Share

- 10.2 The table below illustrates the impact of the Proposed Transaction on the NTA of Digimatic as at 31 March 2018. The pro forma NTA position of Digimatic illustrates what the NTA position of Digimatic would have been if the Proposed Transaction occurred on 31 March 2018.

	Ref	31 March 2018 S\$'000
Actual audited Net Assets of Digimatic	5.20	11,236
Less intangible assets		(2,196)
Actual NTA position of Digimatic pre the Proposed Transaction		9,040
Pro forma adjustments:		
Less actual net assets of the Digital and Marketing Arm as per the segment note workings in the audited financial statements for the year ended 31 March 2018		(2,531)
Add cash repayment of the loans owed by WBY and WWM to Digimatic prior to completion of the Proposed Transaction	10.4	1,361
Pro forma NTA position of Digimatic post the Proposed Transaction		7,870

Source: Moore Stephens analysis

- 10.3 The binding Share Swap and Buy Back Agreement for the sale and purchase of the Digital and Marketing Arm dated 26 July 2018 includes the following transactions in the conditions for sale.

	Impact on NTA S\$'000
Cash repayment of the loan payable to Digimatic by WWM as at 30 June 2018	(859)
Cash repayment of the loan payable to Digimatic by WBY as at 30 June 2018	(502)
Total repayment	(1,361)

Source: Binding Share Swap and Buy Back Agreement

The loans payable by WWM and WBY to Digimatic as at 30 June 2018 are required to be repaid in cash prior to completion of the Proposed Transaction. Whilst the Digital and Marketing Arm form part of the Digimatic Group, this receivable is eliminated on consolidation, and so is excluded from the actual consolidated net assets of Digimatic as at 31 March 2018 of \$11,236,000. On disposal of the Digital and Marketing Arm, this receivable becomes realised and recoverable in full as a condition of sale.

- 10.4 The table below shows the impact of the Proposed Transaction on the NTA value per Share for Non-Associated Shareholders.

	Ref	Pre Proposed Transaction	Post Proposed Transaction
Number of shares on issue	10.1	43,577,600	40,545,626
Actual/Pro forma NTA	10.2	S\$9,040,622	S\$7,870,370
NTA Value per Share		S\$0.21	S\$0.19

Source: Moore Stephens analysis

- 10.5 The Proposed Transaction has an overall negative impact on the NTA value per Digimatic Share, reducing the value from \$0.21 per share to \$0.19 per share, a 6% reduction. This indicates that the Proposed Transaction is not fair to the Non-Associated shareholders of Digimatic.

Impact on EBITDA per Digimatic Share

- 10.6 The table below includes the pro forma EBITDA position of Digimatic, which is an indication of what the EBITDA of Digimatic would have been if Digimatic and 8VIC had been consolidated from 1 April 2017. The profit and loss account included in the audited financial statements for Digimatic for the year ended 31 March 2018 only includes the results of Digimatic for the four months post acquisition, due to the required reverse takeover accounting, and as such does not accurately reflect the results of the combined entity for a twelve-month period.

	Ref	EBITDA S\$'000
EBITDA of 8VIC for the year ended 31 March 2018	9.9	848
Estimated EBITDA of DMC based on annualised data for the three months ended 30 June 2018	9.14	(430)
Pro forma EBITDA post the Proposed Transaction		418
EBITDA of Digital & Marketing Arm for the year ended 31 March 2018	8.20	246
Pro forma EBITDA pre the Proposed Transaction		664

Source: Moore Stephens analysis

- 10.7 The table below shows the impact of the Proposed Transaction on the pro forma EBITDA per Share for Non-Associated Shareholders.

	Ref	Pre Proposed Transaction	Post Proposed Transaction
Number of shares on issue ('000)		43,578	40,546
Pro forma EBITDA (S\$'000)	10.6	S\$664	S\$418
EBITDA per Share (S\$)		S\$0.015	S\$0.010

Source: Moore Stephens analysis

- 10.8 The Proposed Transaction has a negative impact on the EBITDA per Digimatic Share, reducing the value by 32%. This indicates that the Proposed Transaction is not fair to the Non-Associated shareholders of Digimatic.
- 10.9 The percentage decline in the EBITDA value per share noted in Section 10.8 above is significant, largely because of the unusually low profitability of 8VIC for the year ended 31 March 2018. The low profitability of 8VIC has meant that the contribution of the Digital and Marketing Arm to the overall profitability of the Group is a much higher proportion than if 8VIC had achieved the profit levels that it has historically achieved.

10.10 To illustrate this, we have reperformed the calculation in Section 10.6 to 10.8 using the profitability of 8VIC that was achieved in the year ended 31 March 2017.

10.11 The table below illustrates the pro forma EBITDA position of Digimatic as per Section 10.6 above, using the profitability of 8VIC for the year ended 31 March 2018.

	Ref	EBITDA S\$'000
EBITDA of 8VIC for the year ended 31 March 2017	9.12	4,053
Estimated EBITDA of DMC based on annualised data for the three months ended 30 June 2018	10.6	(430)
Pro forma EBITDA post the Proposed Transaction		3,623
EBITDA of Digital & Marketing Arm for the year ended 31 March 2018	10.6	238
Pro forma EBITDA pre the Proposed Transaction		3,861

Source: Moore Stephens analysis

10.12 The table below shows the impact of the Proposed Transaction on the pro forma EBITDA per Share for Non-Associated Shareholders if we used the profitability levels achieved by 8VIC for the year ended 31 March 2017.

	Ref	Pre Proposed Transaction	Post Proposed Transaction
Number of shares on issue ('000)		43,578	40,546
Combined/8VIC EBITDA (S\$'000)	10.11	S\$3,861	S\$3,623
EBITDA per Share (S\$)		0.088	0.089

Source: Moore Stephens analysis

10.13 Although minor, the Proposed Transaction has a positive impact on the EBITDA per Digimatic Share if we use the profitability achieved by 8VIC for the year ended 31 March 2017, increasing the value by 1%.

10.14 The uncertainty surrounding the future profitability of 8VIC, and thus the proportion of the ongoing profit of the Digimatic group that the Digital and Marketing Arm would make up, makes the assessment of how the Proposed Transaction will impact the Non-Associated Shareholders difficult to determine. Given the significant fluctuations in results in the previous three years, and the actual results achieved for the three months ended 30 June 2018, we do not consider that we can place reliance on the forecasts for 8VIC. Should 8VIC return to its historically profitable levels of the year ended 31 March 2017, this would have a positive impact on our fairness assessment.

11. IS THE PROPOSED TRANSACTION FAIR TO DIGIMATIC SHAREHOLDERS?

- 11.1 When assessing fairness, we have used two methods to determine our opinion. In Sections 8 and 9, we compared the value of the Digital and Marketing Arm of Digimatic to the value of the consideration provided by Mr Ong. In the Section 10, we compared the value of Digimatic pre and post the Proposed Transaction.
- 11.2 Our assessed values of the Digital and Marketing Arm in Digimatic, and the Consideration, from Sections 9 and 10 are summarised in the table below.

Assessed values

	Section	Low Value S\$'000	High Value S\$'000
Assessed Fair Value of the Digital and Marketing Arm	8	1,911	3,289
Assessed Fair Value of Consideration Shares	9	564	1,649

Source: Moore Stephens analysis

- 11.3 In the absence of any other relevant information, in our opinion, this indicates that the Proposed Transaction is not fair to the Non-Associated Shareholders of Digimatic as the valuations do not demonstrate overlap.
- 11.4 In Section 10 we considered the impact of the Proposed Transaction on the Non-Associated Shareholders by considering the NTA value of a Digimatic share pre and post the Proposed Transactions, and the EBITDA per Digimatic Share pre and post the Proposed Transaction.

	Section	NTA / share S\$	EBITDA / share S\$
Assessed value driver before the Proposed Transaction	10	0.21	0.015
Assessed value driver after the Proposed Transaction	10	0.19	0.010

Source: Moore Stephens analysis

- 11.5 Our opinion of fairness is made difficult by the assessment of the future maintainable earnings of 8VIC. This assessment has a material impact on the value of the Consideration Shares to be transferred to Digimatic, and also on the assessment of the impact of the Proposed Transaction on the EBITDA per Digimatic Share pre and post the Proposed Transaction. Our assessments of the future maintainable earnings of 8VIC have assumed that 8VIC will continue the profitability that was achieved for the year ended 31 March 2018. As mentioned previously, we are unable to place reliance on the forecasts prepared for 8VIC. Should 8VIC return to its historically profitable levels of the year ended 31 March 2017, this would have a positive impact on our fairness assessment.
- 11.6 Given the risks associated with assessing the future maintainable earnings of 8VIC, we consider that this indicates the Proposed Transaction is not fair.

12. IS THE PROPOSED TRANSACTION REASONABLE?

12.1 RG111 establishes that a Proposed Transaction is reasonable if it is fair. If a Proposed Transaction is not fair it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of Digimatic if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Future prospects of Digimatic if the Proposed Transaction does not proceed

12.2 If the Proposed Transaction does not proceed then the Company will endeavor to continue to grow its business organically and through acquisition of new assets or businesses in order to add value to shareholders.

Trading in Digimatic shares following the announcement of the Proposed Transaction

12.3 The Company announced the Proposed Transaction on 20 August 2018. We have analysed the Digimatic share price immediately prior to, and post the announcement. Immediately prior to the announcement of the Proposed Transaction, the Company's shares were trading at A\$0.73. Only 5,000 shares have traded following the announcement. These shares traded at \$0.69 and \$0.71.

Advantages and Disadvantages

12.4 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage 1 – Concentration of Shareholdings of Non-Associated Shareholders

In the event that the offer is successful, the transfer of Consideration Shares to Digimatic will have a concentrating effect on the voting interest of Non-Associated Shareholders of Digimatic, increasing their interest from approximately 93% to 100%.

Advantage 2 – Focus

The Proposed Transaction will allow the Directors and management of Digimatic to focus the Business on the core activities.

Advantage 3 – Profitability of the Financial Education segment

The actual profitability for the Financial Education Segment of Digimatic was significantly lower than it has been historically. The valuation of the Consideration Shares factored in the downturn in profitability. Should the profitability of the Financial Education segment return to historical levels, this would impact the assessment of Fairness in Section 11.

Advantage 4 – Receipt of Cash Repayment of Loans

A condition of the Proposed Transaction is that Digimatic receive cash repayment of loans to its subsidiaries WMM and WBY to the value of S\$1,360,740. If the Proposed Transaction does not proceed the recovery of these loans in full may be uncertain.

Disadvantages of approving the Proposed Transaction

Disadvantage 1 – The Proposed Transaction is not fair

The Proposed Transaction is not considered to be fair

Disadvantage 2 – Loss of interest in non-core assets

The Proposed Transaction would result in Digimatic losing all of its interests in the Digital and Marketing Arm.

Disadvantage 3 – Diversification

The Proposed Transaction would reduce the diversification in Digimatic to just one business segment and revenue stream.

Disadvantage 4 – Potential profitability of KEA

The unaudited management accounts for KEA for the three months to 30 June 2018 indicate that KEA's profitability improved significantly subsequent to 31 March 2018. The forecasts for the Digital and Marketing Arm of Digimatic are not considered to be reliable, and therefore were not able to be used in our valuation. KEA's very short period of trading history and the project-based nature of revenue in the Digital and Marketing Arm mean that forecasts are risky and difficult to verify. If the profitability of the Digital and Marketing Arm continues to improve, this would impact the fairness assessment in Section 11.

Disadvantage 5 – Increase in control by 8IH

As a result of the Proposed Transaction and cancellation of the Consideration Shares, 8IH's interest in DMC will increase from 72% to 77%. This means that 8IH will be able to pass general and special resolutions.

Alternative Proposal

- 12.5 The Directors are not aware of any alternative proposal at the current time which might Proposed Transaction the Non-Associated Shareholders of Digimatic a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

- 12.6 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non- Associated Shareholders of Digimatic.
- 12.7 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

13. INDEPENDENCE

Moore Stephens Perth Corporate Services Pty Ltd is entitled to receive a fee of approximately \$25,000, excluding GST and reimbursement of out of pocket expenses. Except for this fee Moore Stephens Perth Corporate Services Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Prior to accepting this engagement Moore Stephens Perth Corporate Services Pty Ltd has considered its independence with respect to Digimatic and the associated shareholders of Digimatic, and their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of Moore Stephens Perth Corporate Services Pty Ltd that it is independent of Digimatic and the associated shareholders of Digimatic, and their respective associates.

Moore Stephens Perth Corporate Services Pty Ltd and Moore Stephens Perth have not had at the date of this report any relationship which may impair their independence.

We have held discussions with management of Digimatic regarding the information contained in this report. We did not change the methodology used in our assessment as a result of discussions and our independence has not been impaired in any way.

14. QUALIFICATIONS

Moore Stephens Perth Corporate Services Pty Ltd is a professional practice company, wholly owned by the Perth practice of Moore Stephens, Chartered Accountants. The firm is part of the National and International network of Moore Stephens independent firms and provides a wide range of professional accounting and business advisory services.

Moore Stephens Perth Corporate Services Pty Ltd holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.

The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director of Moore Stephens Perth Corporate Services Pty Ltd. Mr Gray has approximately 15 years' experience as a Chartered Accountant and has significant experience in the preparation of independent expert's reports, valuations and related advice.

At the date of this report neither Mr Gray nor any member or Director of Moore Stephens Perth Corporate Services Pty Ltd has any interest in the outcome of the Offer.

15. DISCLAIMERS AND CONSENTS

Moore Stephens Perth Corporate Services Pty Ltd has been requested to prepare this report, to be included in the Notice of Meeting which will be sent to Digimatic's shareholders.

Moore Stephens Perth Corporate Services Pty Ltd consents to this report being included in the Notice of Meeting to be sent to shareholders of Digimatic. This report or any reference thereto is not to be included in or attached to any other document, statement or letter without prior consent from Moore Stephens Perth Corporate Services Pty Ltd.

Moore Stephens Perth Corporate Services Pty Ltd has not conducted any form of audit or any verification of information provided to us and which we have relied upon in regard to Digimatic, however we have no reason to believe that any of the information provided, is false or materially incorrect.

The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

Neither Moore Stephens Perth Corporate Services Pty Ltd nor Mr Grey take any responsibility for nor have they authorised or caused the issue of any part of this report for any third party other than the shareholders of Digimatic in the context of the scope and purpose defined in section 3 of this report.

With respect to taxation implications it is recommended that individual shareholders obtain their own taxation advice, in respect of the Offer, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of Digimatic or any other party.

The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and with regard to all of the circumstances pertaining to the Offer.

In regard to any projected financial information noted in this report, no member or director of Moore Stephens Perth Corporate Services Pty Ltd has had any involvement in the preparation of the projected financial information.

Furthermore, we do not provide any opinion whatsoever as to any projected financial or other results prepared for Digimatic and in particular do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully



Peter Gray
Director

Moore Stephens Perth Corporate Services Pty Ltd

APPENDIX A – SOURCE OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

- Binding Term Sheet dated 26 July 2018;
- Share Swap and Buy Back Agreement dated 17 August 2018;
- Audited financial Statements of Digimatic for the years ended 31 March 2016, 2017 and 2018;
- Audited financial Statements of 8I Holdings Limited for the years ended 31 March 2016, 2017 and 2018;
- Unaudited management accounts of 8VIC for the years ended 31 March 2016, 2017 and 2018;
- Unaudited financial information of the Digital and Marketing Arm of Digimatic for the 3 months ended 30 June 2018;
- Unaudited financial information of the Financial Education Segment of Digimatic for the 3 months ended 30 June 2018;
- Unaudited forecast financial information for the Digital and Marketing Arm of Digimatic for the year ended 31 March 2019;
- Unaudited forecast financial information for the Financial Education Segment of Digimatic for the year ended 31 March 2019;
- Publicly available information in relation to Digimatic, including ASX announcements;
- Information in the public domain;
- Share registry information for Digimatic;
- Oanda.com;
- S&P Capital IQ database; and
- Discussions with directors and management of Digimatic.

APPENDIX B – VALUATION METHODOLOGIES

We have considered which valuation methodology is the most appropriate in light of all the circumstances and information available. We have considered the following valuation methodologies and approaches:

- Discounted cash flow methodology ('DCF');
- Capitalisation of future maintainable earnings methodology ('FME');
- Net assets value method ('NAV');
- Quoted market price methodology ('QMP'); and
- Market approach method (Comparable market transactions)

Valuation Methodologies and Approaches
<p>Discounted Cash Flow Method</p> <p>Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.</p>
<p>Capitalisation of Maintainable Earnings Method</p> <p>The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.</p> <p>It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.</p> <p>The measure of earnings will need to be assessed and can include, net profit after taxes (NPAT), earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortisation (EBITDA).</p> <p>The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies.</p> <p>An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.</p>
<p>Net Assets Value Method (Orderly Realisation of Assets)</p> <p>The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.</p> <p>Liquidation of assets - The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.</p> <p>Net assets – The net assets method is based on the value of the assets of a business less certain liabilities at book values, adjusted to a market value.</p> <p>The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.</p> <p>The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.</p> <p>Cost Based Approach - The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.</p> <p>Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly, this approach is only useful in limited circumstances, usually associated with intangible asset valuation.</p>
<p>Quoted Market Price Methodology</p> <p>The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.</p> <p>Consequently, this approach provides a "fair price", independently determined by a real market. However, the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.</p> <p>In taking a quoted market price based assessment of the consideration to both parties to the proposed transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.</p>
<p>Market Approach Method</p> <p>The market based approach estimates a company's fair market value by considering the market prices of transactions in its shares or the market value of comparable assets.</p> <p>This includes, consideration of any recent genuine offers received by the target for an entire entity's business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets</p>

APPENDIX C – COMPARABLE COMPANIES

Comparable company trading multiple analysis

		Market Cap	Enterprise Value	Debt	Cash	Revenue (SGD)			EBITDA (SGD)			NPAT (SGD)		
Ticker	Company Name	(SGD)	(SGD)	(SGD)	(SGD)	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018
TSE:4668	Meiko Network Japan Co., Ltd.	40.5	58.0	92.9	277.4	233.1	58.2	242.0	28.1	22.6	22.6	10.6	6.6	15.4
BSE:532475	Aptech Limited	11.6	45.7	2.4	-	45.7	46.1	50.8	5.2	-	26.0	6.9	6.6	-
KOSDAQ:A225330	CMS Edu Co., Ltd.	35.4	8.5	2.1	86.1	86.1	58.2	104.6	18.5	22.6	26.0	12.2	-	4.4
TSE:4718	Waseda Academy Co., Ltd.	78.8	13.0	-	171.2	277.4	273.2	104.6	23.1	14.2	26.0	9.3	6.6	-
KOSDAQ:A040420	JLS Co.,Ltd.	6.4	74.1	6.4	21.4	103.1	273.2	242.0	17.4	22.6	7.5	9.4	-	-
BSE:540403	CL Educate Limited	50.7	-	7.5	8.7	60.3	234.3	50.8	2.6	5.1	26.0	1.5	1.1	-
TSE:4735	Kyoshin Co., Ltd.	13.7	11.0	0.6	0.9	220.7	220.7	242.0	14.2	2.4	22.6	6.1	9.0	-
TSE:4319	TAC Co.,Ltd.	-	58.5	20.7	1.0	256.2	273.2	242.0	11.7	-	26.0	4.5	-	10.3
NSEI:CAREERP	Career Point Limited	10.6	5.5	-	4.2	18.6	44.8	291.7	6.4	6.3	18.4	4.3	6.6	-
BSE:534312	MT Educare Limited	14.6	0.0	6.6	15.4	42.7	234.3	50.8	(35.2)	6.1	-	(26.5)	6.1	15.4
JASDAQ:4720	Johnan Academic Preparatory Institute, Inc.	29.9	1.9	28.4	86.8	86.4	258.5	104.6	5.5	3.0	30.0	2.1	6.1	10.3
JASDAQ:4645	Ichishin Holdings Co.,Ltd.	180.1	2.1	1.8	-	194.8	44.8	104.6	12.8	12.1	-	4.4	-	-
ASX:RDH	RedHill Education Limited	15.1	10.1	0.3	1.8	55.0	194.3	-	7.5	13.6	-	3.5	5.5	(26.5)
ASX:KME	Kip McGrath Education Centres Limited	180.8	2.0	1.2	2.8	13.9	58.2	-	3.0	7.5	-	2.0	4.5	15.4
Average		47.7	20.7	12.2	48.4	121.0	162.3	130.8	8.6	9.9	16.5	3.6	4.2	3.2
Median		22.5	9.3	2.2	6.5	86.2	207.5	104.6	9.6	6.9	22.6	4.4	5.8	-
Minimum		-	-	-	-	13.9	44.8	-	(35.2)	-	-	(26.5)	-	(26.5)
Maximum		180.8	74.1	92.9	277.4	277.4	273.2	291.7	28.1	22.6	30.0	12.2	9.0	15.4

Source: S&P's Capital IQ

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

Ticker	Company Name	Net Assets (SGD)	Premium/(Discount) to Net Assets (SGD)	ROE %	ROA %	Dividend Yield %	Gross Margin %	EBITDA Margin %
TSE:4668	Meiko Network Japan Co., Ltd.	76.9	(36.4)	0.0%	2.3%	3.8%	31.9%	21.5%
BSE:532475	Aptech Limited	63.1	(51.5)	6.1%	0.0%	1.5%	64.6%	8.3%
KOSDAQ:A225330	CMS Edu Co., Ltd.	174.2	(138.8)	6.1%	2.5%	8.2%	5.4%	12.1%
TSE:4718	Waseda Academy Co., Ltd.	55.6	23.2	21.3%	0.0%	1.8%	0.0%	12.1%
KOSDAQ:A040420	JLS Co.,Ltd.	78.8	(72.4)	6.1%	7.8%	0.0%	1.9%	12.1%
BSE:540403	CL Educate Limited	76.9	(26.2)	11.7%	0.0%	1.4%	2.3%	12.1%
TSE:4735	Kyoshin Co., Ltd.	78.8	(65.1)	6.1%	0.0%	1.1%	100.0%	16.9%
TSE:4319	TAC Co.,Ltd.	55.6	(55.6)	6.1%	7.4%	3.0%	55.2%	21.5%
NSEI:CAREERP	Career Point Limited	55.6	(45.0)	11.7%	9.5%	0.0%	21.4%	11.5%
BSE:534312	MT Educare Limited	63.1	(48.5)	12.3%	1.9%	0.0%	30.4%	4.3%
JASDAQ:4720	Johnan Academic Preparatory Institute, Inc.	63.1	(33.3)	26.3%	10.1%	1.9%	30.4%	6.4%
JASDAQ:4645	Ichishin Holdings Co.,Ltd.	69.1	110.9	4.1%	5.4%	1.7%	17.5%	12.1%
ASX:RDH	RedHill Education Limited	17.2	(2.1)	4.1%	1.9%	1.2%	40.2%	4.3%
ASX:KME	Kip McGrath Education Centres Limited	11.3	169.5	26.3%	5.4%	4.4%	50.4%	6.4%
Average		67.1	(19.4)	10.6%	3.9%	2.1%	32.3%	11.6%
Median		63.1	(40.7)	6.1%	2.4%	1.6%	30.4%	12.1%
Minimum		11.3	(138.8)	0.0%	0.0%	0.0%	0.0%	4.3%
Maximum		174.2	169.5	26.3%	10.1%	8.2%	100.0%	21.5%

Source: S&P's Capital IQ

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

MOORE STEPHENS

		Revenue Multiple			EBITDA Multiple			EBIT Multiple			NPAT Multiple		
Ticker	Company Name	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018	LTM	FY 2017	FY 2018
TSE:4668	Meiko Network Japan Co., Ltd.	1.3x	92.0x	N/A	10.4x	N/A	11.5x	15.2x	13.5x	29.3x	34.6x	N/A	N/A
BSE:532475	Aptech Limited	3.8x	21.3x	N/A	33.2x	19.8x	22.4x	50.5x	N/A	3,169.0x	26.8x	26.6x	N/A
KOSDAQ:A225330	CMS Edu Co., Ltd.	0.1x	24.8x	121.8x	0.4x	N/A	N/A	0.6x	N/A	19.1x	0.5x	4.1x	N/A
TSE:4718	Waseda Academy Co., Ltd.	0.8x	1.1x	59.0x	9.6x	3,173.5x	7.0x	15.8x	9.8x	36.3x	0.9x	0.3x	352.8x
KOSDAQ:A040420	JLS Co., Ltd.	0.0x	0.4x	0.4x	0.0x	0.0x	0.0x	0.0x	2.5x	0.1x	-	-	-
BSE:540403	CL Educate Limited	0.2x	0.1x	186.1x	3.9x	0.0x	N/A	7.5x	4.3x	0.7x	0.2x	0.1x	0.9x
TSE:4735	Kyoshin Co., Ltd.	0.0x	0.5x	1.5x	0.3x	N/A	N/A	0.9x	0.3x	1.7x	0.0x	0.1x	0.1x
TSE:4319	TAC Co., Ltd.	0.0x	0.9x	0.0x	0.0x	0.0x	N/A	0.0x	0.0x	2.1x	0.3x	28.8x	20.6x
NSEI:CAREERP	Career Point Limited	2.0x	N/A	6.1x	5.8x	0.0x	N/A	6.8x	6.0x	32.6x	7.4x	N/A	N/A
BSE:534312	MT Educare Limited	1.4x	N/A	N/A	(1.7)x	N/A	N/A	(1.5)x	N/A	6.1x	(2.8)x	7.5x	504.3x
JASDAQ:4720	Johnan Academic Preparatory Institute, Inc.	0.3x	1.7x	14.9x	5.4x	326.5x	N/A	9.7x	3.3x	7.4x	24.7x	4.2x	N/A
JASDAQ:4645	Ichishin Holdings Co., Ltd.	0.6x	N/A	0.4x	8.5x	0.6x	N/A	21.1x	0.7x	26.7x	16.8x	800.7x	N/A
ASX:RDH	RedHill Education Limited	1.8x	1.8x	N/A	13.0x	0.1x	11.0x	17.2x	20.7x	0.0x	30.5x	35.6x	N/A
ASX:KME	Kip McGrath Education Centres Limited	1.8x	N/A	N/A	8.4x	3.4x	N/A	9.2x	N/A	0.0x	15.2x	N/A	N/A
Average		1.0x	14.4x	43.4x	7.0x	352.4x	10.4x	10.9x	6.1x	237.9x	11.1x	82.6x	146.5x
Median		0.7x	1.4x	6.1x	5.6x	0.3x	11.0x	8.3x	3.8x	6.7x	4.2x	4.2x	10.8x
Minimum		0.0x	0.1x	0.0x	(1.7)x	0.0x	0.0x	(1.5)x	0.0x	0.0x	(2.8)x	-	-
Maximum		3.8x	92.0x	186.1x	33.2x	3,173.5x	22.4x	50.5x	20.7x	3,169.0x	34.6x	800.7x	504.3x

Source: S&P's Capital IQ

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

Ticker	Company Name	Business Description
TSE:4668	Meiko Network Japan Co., Ltd.	Meiko Network Japan Co., Ltd. engages in the educational activities in Japan. It operates individual tutoring cram schools for children of various ages from elementary school to university entrance examinations preparation directly, as well as through its franchise system. The company also operates medical cram school for medicine-related university entrance examinations; soccer schools for preschool children, and elementary and junior high school students; and extended-hours cram schools for elementary school children performing the added function of after school care, as well as operates individual tutoring cram school for students with high academic performance seeking to enter high-ranking and difficult-to-enter schools. In addition, it sells practice examinations and teaching materials; and publishes academic books. As of August 31, 2016, the company operated 2,102 schools. The company was formerly known as Meiko Gijuku Corporation and changed its name to Meiko Network Japan Co., Ltd. in December 1986. Meiko Network Japan Co., Ltd. was founded in 1984 and is headquartered in Tokyo, Japan.
BSE:532475	Aptech Limited	Aptech Limited provides learning solutions and vocational skills training services worldwide. It operates through two segments, Retail and Institutional. The company provides IT education programs, including computer education, as well as pro-career, professional, and short-term courses for engineers, engineering students, 12th pass students, and working people; and basic and advanced courses in animation, graphics and Web designing, gaming, mass media and communications, animation, and multimedia, as well as VFX and film-making courses. It also offers courses in hospitality and aviation management, airport management and customer care, airport terminal operations and management, airport ground staff services, cabin crew, travel and tourism management, personality development, retail, and event management, banking and finance, such as retail banking, corporate and international banking, financial mathematics and accounting, and business communication; skin, hair, and nail care, as well as make-up; hardware and networking; and English learning and language programs. In addition, the company provides courses in the areas of networking, e-commerce, software development, and software engineering; training solutions in the areas of customer interface skills, product/process training, managerial development training, and other soft skills, for corporates in the automotive, retail, telecom, hospitality, BFSI, government, and academic sectors; and assessment and testing solutions for universities and corporates. Aptech Limited was founded in 1986 and is based in Mumbai, India.
KOSDAQ:A225330	CMS Education Co., Ltd.	CMS Education Co., Ltd. operates in the education business in worldwide. It offers learning center management, consultation, and franchising services; publishes text books and teaching materials; and produces and sells books and educational newspapers. The company also provides school core and after-school programs; and online and offline content for learning centers. In addition, it offers online educational programs, including video lectures, assessment models application, and digital teaching method development; and teaching aids, and educational and fusion products. The company is based in Seoul, South Korea. CMS Education Co., Ltd. is a subsidiary of Chungdahm Learning, Inc.
TSE:4718	Waseda Academy Co., Ltd.	Waseda Academy Co., Ltd. manages cram schools for elementary, and junior and high school students. It operates 157 schools. The company was founded in 1975 and is headquartered in Tokyo, Japan.

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

Ticker	Company Name	Business Description
KOSDAQ:A040420	JLS Co.,Ltd.	JLS Co.,Ltd. provides English education programs through off-line private educational institutes in South Korea and internationally. The company offers education services for nursery, kindergarten, elementary, middle, and high school students. It also provides online tuitions; and sells educational materials. The company was formerly known as Woorigyul Telecom Co., Ltd. and changed its name to JLS Co.,Ltd. in 2007. JLS Co.,Ltd. was founded in 1986 and is based in Seoul, South Korea.
BSE:540403	CL Educate Limited	CL Educate Limited engages in the education business. The company offers test preparation and training services under the Career Launcher brand; publishing and content development services under the GK Publications brand; and event management, marketing support, customer engagement, and managed manpower and training services under the Kestone brand. It also provides integrated solutions to educational institutions and universities, including business advisory and outreach support services under the CL Media brand, as well as research incubation and support services under the brand Accendere brand. The company operates a network of approximately 192 test preparation and training centers in India. CL Educate Limited was incorporated in 1996 and is based in New Delhi, India.
TSE:4735	Kyoshin Co., Ltd.	Kyoshin Co., Ltd. provides educational services for various age groups in Japan. The company offers early childhood education and elementary school test preparation services; Cram school for elementary and junior high school students; college entrance examination professional school for high school students; and classroom tutoring services for elementary and junior high school students. It also provides English conversation classes targeting from young children to adults; e-DES, an Internet learning system for elementary and junior high school students; Internet based video lessons for high school students; and nursery education services, as well as Japanese education services. In addition, the company franchises classroom tutoring services under the KyoSusumu School One brand. The company was founded in 1975 and is headquartered in Kyoto, Japan.
TSE:4319	TAC Co.,Ltd.	TAC Co.,Ltd. engages in the personal education, corporate training, publishing, and manpower businesses. The company's Personal Education segment offers preparatory courses for individuals challenging various license exams. This segment provides classroom and distance learning courses, DVD courses, Internet Web courses, download correspondence courses, etc. Its Corporate Training segment offers training programs for acquisition of qualifications; work training for acquisition of specialized knowledge and skills; educational materials to corporations, universities, colleges, accountancy firms, and other organizations; school seminars; courses for business professionals; educational contents; and IT license education, as well as operates affiliated schools. The company's Publishing segment publishes various books related to license qualifications, including books for self-study; books for students taking its educational courses, such as text books, question workbooks, etc.; and books for working people comprising books on practical business, etc. under the TAC Publishing and Waseda Keiei Publishing brands. Its Manpower segment provides manpower dispatching and placement, and job advertisement services. The company was founded in 1980 and is headquartered in Tokyo, Japan.

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

Ticker	Company Name	Business Description
NSEI:CAREERP	Career Point Limited	Career Point Limited, an education company, provides education consultancy and management services, and tutorial services in India. It offers tutorial services to students for school curriculum and various competitive examinations in engineering and medical entrance, NTSE, KVPY, and Science Olympiad. The company provides its tutorial services through various delivery platforms, such as owned branches, franchisee training centers, technology enabled live classrooms, online courses, synchro-school programs, and distance learning solutions. It also offers education consultancy and management services for the administration of schools; infrastructural services to higher education institutions, including technical campuses and universities; and online platforms and technology based learning solutions through Onlinepad.com. In addition, the company operates Career Point Gurukul, a residential coaching and school campus; CP University in Kota, a higher education institution; Global Public School; Career Point World School; and Global Kids, a pre-school. The company was formerly known as Career Point Infosystems Limited and changed its name to Career Point Limited in September 2011. Career Point Limited was founded in 1993 and is based in Kota, India.
BSE:534312	MT Educare Limited	MT Educare Limited provides education support and coaching services primarily under the Mahesh Tutorials brand name in India. The company offers education support and coaching services for students in the secondary and higher secondary school, as well as for students pursuing graduation degree in commerce, preparing for various competitive examinations, and undertaking chartered accountancy examinations. It also provides coaching services for students preparing for competitive exams, which include engineering and medical entrance exams, MBA exams, and CA exams. In addition, the company offers Robomate, an online education portal that offers school, commerce, science, and test prep courses. As of August 10, 2016, it operated approximately 275 coaching centers in 160 locations in Maharashtra, Tamil Nadu, Kerala, Andhra Pradesh, Telangana, Karnataka, Punjab, Chandigarh, Haryana, Assam, Odisha, Uttar Pradesh, and Gujarat. The company was founded in 1988 and is based in Mumbai, India.
JASDAQ:4720	Johan Academic Preparatory Institute, Inc.	Johan Academic Preparatory Institute, Inc. engages in the education business primarily in Japan. The company manages advanced classes, including preparatory schools and individual guidance, as well as classrooms for infants, young children, and employment support schools. It also plans, produces, and sells teaching materials for universities, high schools, junior high schools, and infant education, as well as e-learning materials; and sells books. In addition, the company franchises its preliminary schools; and manages job hunting cram schools. Johan Academic Preparatory Institute, Inc. was founded in 1982 and is headquartered in Kawasaki, Japan.
JASDAQ:4645	Ichishin Holdings Co., Ltd.	Ichishin Holdings Co., Ltd., through its subsidiaries, engages in the education business in Japan. The company offers group learning/individualized teaching/video classes/corrections for correspondence courses for elementary school students, high school students, and students preparing for college entrance exams; home tutor dispatch services; and individualized learning system services using movies. It also provides Wingnet, an Internet based video class with 1,330 courses and 18,700 classes for elementary school students, high school students, cram schools, and schools in local regions; and content for exam preparations and Japanese language education and preparation, as well as for job hunting and teaching club activities. In addition, the company offers Japanese language education courses to manage a Japanese language school, as well as for Japanese cultural knowledge and communication skills; and a range of support services for sales planning, skill development, and information management through the development of educational materials and curricula, manuals creation, training instructors, conducting research and development on new products, aggregating and sharing exam information, publishing exam guidebooks, rating various types of exams, promoting IT systems, and management of mission-critical systems. Further, it is involved in the educational materials printing and delivery businesses; and classroom facility management business to create learning environment. The company was founded in 1965 and is headquartered in Ichikawa, Japan.

APPENDIX C – COMPARABLE COMPANIES (CONTINUED)

Ticker	Company Name	Business Description
ASX:RDH	RedHill Education Limited	RedHill Education Limited engages in the various education businesses in Australia. The company operates in four segments: Information Technology, Creative Design, English Language, and Student Agency. The Information Technology segment operates the Academy of Information Technology, which provides courses in information technology, digital design, interactive multimedia, and games and apps programming. The Creative Design segment operates the International School of Color and Design that offers campus and distance learning in interior designing and styling courses. The English Language segment operates Greenwich English College, which provides English language intensive courses, as well as vocational education and training programs for overseas students. The Student Agency segment operates the Go Study Australia, an international student recruitment agency that offers student recruitment services. RedHill Education Limited was founded in 2006 and is headquartered in Ultimo, Australia.
ASX:KME	Kip McGrath Education Centres Limited	Kip McGrath Education Centres Limited provides supplementary English and maths education services in Australasia, the United Kingdom, Europe, and internationally. It sells franchises and offers services to franchisees in the education field. The company also offers tutorial assistance in reading, spelling, comprehension, English, and math for primary and secondary students; and KipOnline, a real time face-to-face online tutoring service. It has a franchise network of approximately 500 tutoring centers in 20 countries. Kip McGrath Education Centres Limited was founded in 1974 and is headquartered in Newcastle, Australia.

Source: S&P's Capital IQ

APPENDIX D – COMPARABLE COMPANIES

Comparable marketing company trading multiple analysis

Ticker	Company Name	Market Cap	EV	FY 2017	FY 2018		FY18 Best Data	FY18 Multiple
					Actuals	Estimates		
ASX:EGG	Enero Group Limited	92.4	60.8	11.7	14.8	12.5	14.8	4.1
ASX:ISD	Isentia Group Limited	157.0	207.4	29.4	-	32.0	32.0	6.5
ASX:IGL	IVE Group Limited	331.8	452.8	51.0	-	76.1	76.1	6.0
ASX:PMP	PMP Limited	114.8	148.0	30.7	-	41.1	41.1	3.6
ASX:WPP	WPP AUNZ Limited	774.4	1014.7	185.8	-	158.9	158.9	6.4
Average		294.1	376.7	61.7	3.0	64.1	64.6	5.3
Median		157.0	207.4	30.7	0.0	41.1	41.1	6.0
Min		92.4	60.8	11.7	0.0	12.5	14.8	3.6
Max		774.4	1014.7	185.8	14.8	158.9	158.9	6.5

APPENDIX E - GLOSSARY

In this report, unless the context requires otherwise:

Term	Meaning
A\$	Australian Dollar
S\$	Singaporean Dollar
8IH	8I Holdings Limited (the ultimate holding company of Digimatic Group Limited)
8VIC	8VIC Global Pte Limited, a 100% owned subsidiary of Digimatic
Act	Corporations Act 2001
APM	Anonymous Production Sdn Bhd, a 51% owned subsidiary of Digimatic
ASIC	Australian Securities and Investments Commission
Associated Shareholders	Shareholders associated with Mr Ivan Ong
ASX	Australian Securities Exchange or ASX Limited ACN 008 624 691
Board	The Board of Directors of Digimatic Group Limited
Business Day	has the meaning given in the Listing Rules
Company	Digimatic Group Limited
Consideration Shares	3,031,974 Digimatic shares to be transferred from Mr Ivan Ong to Digimatic
Control basis	Assuming the shareholder/s have control of the entity in which equity is held
Digimatic	Digimatic Group Limited, the consolidated group
Digital and Marketing Arm	<ul style="list-style-type: none"> • 51% of Digimatic Creatives Pte Ltd (“DMR”); • 100% of Digimatic Media Pte Ltd (“DMM”); • 100% of Wewe Media Group Pte Ltd (“WWM”); • 100% of Digimatic Media Sdn Bhd (“DMM M”); • 51% of Webbynomics Pte Ltd (“WBY”); • 100% of Keaworld Pte Ltd (“KEA”); and • 51% of Anonymous Production Sdn Bhd (“APM”)
Directors	The Directors of Digimatic Group Limited
DMC	Digimatic Group Limited, the listed parent
DMM	Digimatic Media Pte Ltd, a wholly owned subsidiary of Digimatic
DMM M	Digimatic Media Sdn Bhd, a wholly owned subsidiary of Digimatic
DMR	Digimatic Creatives Pte Ltd, a 51% owned subsidiary of Digimatic
Explanatory Statement	The explanatory statement accompanying the Notice
FME	Future Maintainable Earnings
IER	This Independent Experts Report
Income Tax Assessment Act	the Income Tax Assessment Act 1936 and the Income Tax Assessment Act 1997
KEA	Keaworld Pte Ltd, a wholly owned subsidiary of Digimatic

Term	Meaning
Listing Rules	the official listing rules of ASX and includes the business rules of ASX
Moore Stephens or MSPCS	Moore Stephens Perth Corporate Services Pty Ltd
Mr Ivan Ong	The proposed acquirer of the Digital and Marketing Arm, a former Director of Digimatic and a current Director of DMM
Non-Associated Shareholders	Shareholders who are not a party to, or associated with a party to, the Proposed Transaction
Notice	The notice of meeting
Proposed Transaction	The disposal of 100% of Digimatic's interest in its Digital and Marketing Arm in exchange for 3,031,974 Digimatic shares
Register	the register of members of Digimatic shareholders or option holders, as the case requires
RG111	ASIC Regulatory Guide 111 <i>Content of Experts Reports</i>
S&P Capital IQ	Third party provider of company and other financial information
WBY	Webbbynomics Pte Ltd
WWM	Wewe Media Group Pte Ltd

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Digimatic Group

ARBN 605 944 198

LODGE YOUR VOTE



ONLINE

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BY MAIL

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BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: 1300 554 474 Overseas: +61 1300 554 474

LODGEMENT OF A CDI VOTING INSTRUCTION FORM

This CDI Voting Instruction Form (and any Power of Attorney under which it is signed) must be received at an address given above by **2:00pm (SST) on Monday, 24 September 2018**, being not later than 48 hours before the commencement of the Meeting. Any CDI Voting Instruction Form received after that time will be invalid.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the CDI Voting Instruction Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, stockholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this CDI Voting Instruction Form).

HOW TO COMPLETE THIS CDI VOTING INSTRUCTION FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's CDI register. If this information is incorrect, please make the correction on the form. CDI Holders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your CDIs using this form.**

DIRECTION TO CHESSE DEPOSITARY NOMINEES PTY LTD

Each CHESSE Depositary Interest (CDI) is evidence of an indirect ownership in the Company's shares of common stock (Shares). The underlying Shares are registered in the name of CHESSE Depositary Nominees Pty Ltd (CDN). As holders of CDIs are not the legal owners of the Shares, CDN is entitled to vote at the Meetings of stockholders on the instruction of the registered holders of the CDIs.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either holder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with Link. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: with respect to an Australian company, where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. With respect to a U.S. company or other entity, this form may be signed by one officer. Please give full name and title under the signature.

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

CDI VOTING INSTRUCTION FORM

STEP 1

DIRECTION TO CHESSE DEPOSITARY NOMINEES PTY LTD

I/We being a holder of CHESSE Depositary Interests (CDIs) of Digimatic Group Ltd (**Company**) hereby direct CHESSE Depositary Nominees Pty Ltd (**CDN**) to vote the shares underlying my/our CDI holding at the Annual General Meeting of stockholders of the Company to be held at **2:00pm (SST) on Wednesday, 26 September 2018 at 47 Scotts Road, Goldbell Towers #03-03/04, Singapore 228233**, and at any adjournment or postponement of that Meeting, in accordance with the following directions. By execution of this CDI Voting Instruction Form the undersigned hereby authorises CDN to appoint such proxies or their substitutes in their discretion to vote in accordance with the directions set out below.

VOTING INSTRUCTIONS

Voting instructions will only be valid and accepted by CDN if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Election of Pauline Teo Puay Lin as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Disposal of the Company's interest in Digital and Marketing Business to Mr Ong Shao Kuang, Ivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Zane Robert Lewis as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3 Approval of Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval of Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Approval to Issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Approval of On-Market Share Buy-Back Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Approval of Name Change	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Amendments to the Company's Articles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
9 Approval of the selective share buy-back from Mr Ong Shao Kuang, Ivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you do not mark the "For", "Against" or "Abstain" box your vote will not be counted.

STEP 3

SIGNATURE OF CDI HOLDERS – THIS MUST BE COMPLETED

CDI Holder 1 (Individual)

Sole Director and Sole Company Secretary

Joint CDI Holder 2 (Individual)

Director/Company Secretary (Delete one)

Joint CDI Holder 3 (Individual)

Director

This form should be signed by the CDI Holder in accordance with the instructions overleaf.

DMC PRX1801J

