

## ASX Appendix 4D

### Financial Statements for the half-year ended 31 December 2013

#### Results for announcement to the market

Earnings	6 months 31 Dec 2013 \$A'000	6 months 31 Dec 2012 \$A'000	% Increase/ (Decrease)
Revenue from ordinary activities	13	5	160%
Profit/(Loss) from ordinary activities after tax attributable to members	(158)	5,294	(103%)
Profit/(Loss) for the period attributable to members	(158)	5,294	(103%)

The Company has recognised a loss of \$158,098 from ordinary activities for the half-year to 31 December 2013 compared with a profit of \$5,294,186 in the prior half-year. The Company was subject to a Deed of Company Arrangement ("DOCA") and the prior period profit includes an amount of \$5,954,527 relating to the forgiveness of pre-DOCA liabilities which occurred upon effectuation of the DOCA.

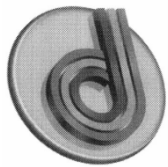
Dividends	Amount per share	Franked amount per share
Final dividend	N/A	N/A
Interim dividend	N/A	N/A

Record date for determining entitlements to dividends	N/A
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#### Commentary

This report is based on information extracted from the Half-Year Report of DGI Holdings Limited for the period ended 31 December 2013. The Half-Year Report has been subject to review by the Company's auditor and the review report is included with the attached report. Additional Appendix 4D disclosure requirements can be found in the Report of Directors and the 31 December 2013 half-year financial statements.

	31 Dec 2013	31 Dec 2012
NTA tangible assets per security	0.26 cents	0.31 cents



**DGI HOLDINGS LIMITED**

ABN 75 105 012 066

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**HALF-YEAR REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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**DGI HOLDINGS LIMITED**  
**CORPORATE DIRECTORY**

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**Directors**

Mr Roger Steinepreis - Non-Executive Chairman  
Mr George Ventouras - Non-Executive Director  
Mr Nick Castleden - Non-Executive Director

**Stock Exchange Listing**

ASX Limited  
(Home branch - Perth, Western Australia)  
ASX Code: DGI

**Company Secretary**

Ms Susan Hunter

**Auditor**

BDO Audit (WA) Pty Ltd  
Chartered Accountants  
38 Station Street  
SUBIACO WA 6008

**Registered Office**

C/-Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street Perth  
Telephone: + 61 8 8262 3115  
Facsimile: + 61 8 8262 8490

**Bankers**

National Australia Bank Limited  
Ground Floor, 50 St Georges Terrace  
PERTH WA 6000

**Solicitors**

Steinepreis Paganin  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH WA 6000

**Share Registry**

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
PERTH WA 6000

**DGI HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS**

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The Directors of DGI Holdings Limited present their report on DGI Holdings Limited ("the Company" or "DGI") for the half-year ended 31 December 2013.

**DIRECTORS**

The Directors in office at the date of this report and at any time during the half-year are as follows. Directors were in office for the entire period unless otherwise stated.

*Current Directors*

Mr Roger Steinepreis - Non-executive Chairman

Mr George Ventouras - Non-executive Director

Mr Nick Castleden - Non-executive Director

**PRINCIPAL ACTIVITIES**

DGI Holdings Limited is an Australian company listed on the Australian Securities Exchange (ASX code: DGI). DGI's principal business activity is the research, development and marketing of innovative miniature projection technologies and products. It is also the intention of DGI's board to identify new opportunities in related or non-related industries that may increase shareholder value.

**REVIEW OF OPERATIONS AND CHANGES IN STATE OF AFFAIRS**

During the half-year, the Company continued the process of sourcing and securing agreements with mini projector manufacturers in China regarding the manufacture and/or distribution of products. These products are relevant to the Pico and Mini Projector markets and may provide an opportunity for DGI to secure sales in the Australian market.

The Company continued to assess other investment opportunities as they presented themselves and on 23 December 2013 announced that it had exercised the option to purchase 100% of the issued capital of iCollege Pty Ltd ("iCollege"), a cloud based online education company.

iCollege is a spin out of a profitable existing online education business using a proven cloud based software platform to deliver self paced career and professional development courses worldwide.

The online education market is becoming one of the faster growing industries in the world. The ability to offer education online is scalable.

*The iCollege Business*

iCollege is a business developed by Victor Hawkins, a management consultant and business owner for the past 20 years, and who has spent the past 5 years successfully owning and operating a cloud based software platform selling other online education courses. It is this platform that is the subject of a perpetual exclusive licence to iCollege.

The key terms of the acquisition are as follows:

1. The consideration is the issue of 250m ordinary fully paid shares with attaching 1 for 2 options (exercise price of minimum 20 cents each (post consolidation) and expiry date of 5 years) in DGI to the shareholders of iCollege.

**DGI HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS**

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2. As further consideration, DGI will issue performance shares (subject to the receipt of appropriate shareholder and ASX approvals) as follows:
- (a) Performance Tranche 1 - 50m ordinary shares if sales revenue reaches \$1,000,000 within 2 years;
  - (b) Performance Tranche 2 - 50m ordinary shares if EBITDA reaches \$500,000 within 2 years;
  - (c) Performance Tranche 3 - 50m ordinary shares if EBITDA reaches \$2,500,000 within 3 years; and
  - (d) For each tranche of shares issued, the Company has agreed to grant a 1 for 1 attaching option (exercise price of minimum 20 cents each (post consolidation) and expiry date of 5 years).

The completion of the transaction is subject to DGI shareholder approval and a number of other matters including a capital raising (sufficient to apply for re-instatement), compliance with Chapters 1 and 2 of the ASX Listing Rules and approval for re-admission to the official list of ASX.

Upon shareholder approval, DGI will change its name to iCollege Limited. Mr Victor Hawkins will be appointed as the Managing Director on completion, Mr Johannes de Back will be appointed as non-executive Chairman and Mr Phil Re will be appointed as a non-executive director.

#### **RESULTS**

The Company recorded a loss after tax for the half-year ended 31 December 2013 of \$158,098 (2012: Profit of \$5,294,186).

#### **SUBSEQUENT EVENTS**

Subsequent to the half-year end, the Company entered into a secured loan facility with iCollege. Pursuant to this facility DGI will loan iCollege up to a maximum of \$150,000. \$50,000 has been drawn down on the facility as at date of this report.

On 25 February 2014, DGI announced that the Company had raised \$250,000 through a placement of 50,000,000 fully paid ordinary shares at 0.5 cents. Funds raised are to be used to re-imburse the payment of the option fee of \$75,000 in relation to exercise of the option to acquire online education company iCollege, for the preparation of the Notice of Meeting and the Prospectus issued by the Company pursuant to ASX Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules including the payment of all expert fees, and general working capital for administration fees and the existing business operations of the Company.

The Prospectus is for an offer of 12,500,000 shares at an issue price of \$0.20 per share to raise \$2,500,000 (Offer). Oversubscriptions of up to a further 5,000,000 shares at an issue price of \$0.20 per share to raise up to a further \$1,000,000 may be accepted.

The Offer is conditional (amongst other things) upon Shareholders approving, at the General Meeting to be held on or about 14 March 2014, the issue of the Shares offered by the Prospectus (Refer to Sections 3.5 and 5.2 of the Prospectus for further details).

The Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities upon the completion of the iCollege acquisition.

There are no other matters or circumstances, other than disclosed elsewhere in this report, the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

**DGI HOLDINGS LIMITED**  
**REPORT OF THE DIRECTORS**

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**FUTURE DEVELOPMENTS**

It is the intention of DGI's board to complete the acquisition of iCollege Pty Ltd and undertake a review of the DGI existing business. There may be new opportunities that may increase shareholder value in industries which may or may not be related to DGI's existing business, although it is expected that any new opportunities are likely to be in the online education space, or complementary industries.

**AUDITOR INDEPENDENCE DECLARATION**

A copy of the auditor's independence declarations as required under section 307C of the Corporations Act 2001 is included in this report, and can be found on page 5.

Signed in accordance with a resolution of the Directors.



Roger Steinepreis  
Chairman

Perth, Western Australia  
27 February 2014

# DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF DGI HOLDINGS LIMITED

As lead auditor for the review of DGI Holdings Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.



Peter Toll

Director

BDO Audit (WA) Pty Ltd

Perth, 27 February 2014



**DGI HOLDINGS LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

		Half Year Ended 31 December 2013 \$	Half Year Ended 31 December 2012 \$
	<b>Note</b>		
<b>Revenues</b>			
Revenue from continuing operations		12,772	5,172
Total revenues		<u>12,772</u>	<u>5,172</u>
<b>Expenses</b>			
Compliance		(20,039)	(6,912)
Consultant fees		(66,264)	(31,472)
Legal fees		(47,747)	-
Marketing expenses		(22,727)	-
Depreciation and amortisation	2,3	(4,237)	(6,362)
Payment to creditor's trust	4	-	(575,000)
Other expenses		(9,856)	(45,767)
Total expenses		<u>(170,870)</u>	<u>(665,513)</u>
Other Income	4	-	5,954,527
Profit/(loss) before Income Tax		(158,098)	5,294,186
Income tax expense		-	-
<b>Profit/(loss) after income tax attributable to members of DGI Holdings Limited</b>		<u>(158,098)</u>	<u>5,294,186</u>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income/(loss) attributable to members of DGI Holdings Limited</b>		<u>(158,098)</u>	<u>5,294,186</u>
<b>Earnings per share</b>		<b>Cents per Share</b>	<b>Cents per Share</b>
Basic profit/(loss) per share		(0.05)	6.63
Diluted profit per share		-	6.33

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction  
with the notes to the interim financial statements.

**DGI HOLDINGS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2013

		31 December 2013	30 June 2013
	Note	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		832,051	903,926
Trade and other receivables		50,989	33,285
Other	10	75,000	-
<b>Total Current Assets</b>		<u>958,040</u>	<u>937,211</u>
<b>Non-Current Assets</b>			
Property, plant & equipment	2	20,150	20,640
Intangible assets	3	31,994	32,947
<b>Total Non-Current Assets</b>		<u>52,144</u>	<u>53,587</u>
<b>Total Assets</b>		<u>1,010,184</u>	<u>990,798</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		90,145	45,056
<b>Total Current Liabilities</b>		<u>90,145</u>	<u>45,056</u>
<b>Total Liabilities</b>		<u>90,145</u>	<u>45,056</u>
<b>Net Assets</b>		<u><b>920,039</b></u>	<u><b>945,742</b></u>
<b>Equity</b>			
Issued capital	6	26,075,669	25,943,274
Reserves		116,130	116,130
Accumulated losses		<u>(25,271,760)</u>	<u>(25,113,662)</u>
<b>Total Equity</b>		<u><b>920,039</b></u>	<u><b>945,742</b></u>

The Statement of Financial Position should be read in conjunction  
with the notes to the interim financial statements.

**DGI HOLDINGS LIMITED**

**STATEMENT OF CASH FLOWS**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	31 December 2013	31 December 2012
Note	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	2,300	-
Interest received	10,773	5,172
Payments to suppliers and employees	(139,548)	(58,586)
Other	(75,000)	-
<b>Net cash flows used in operating activities</b>	<u>(201,475)</u>	<u>(53,414)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant & equipment	(2,090)	-
Other non-current assets – IP	(705)	(13,621)
<b>Net cash flows used in investing activities</b>	<u>(2,795)</u>	<u>(13,621)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	575,000
Repayment of borrowings	-	(272,500)
Proceeds from issue of shares	135,612	1,532,500
Payment of share issue costs	(3,218)	(188,037)
Payments made to DOCA	-	(575,000)
<b>Net cash flows provided by financing activities</b>	<u>132,394</u>	<u>1,071,963</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	(71,876)	1,004,928
Add opening cash and cash equivalents brought forward	903,927	-
<b>Closing cash and cash equivalents carried forward</b>	<u><b>832,051</b></u>	<u><b>1,004,928</b></u>

The Statement of Cash Flows should be read in conjunction  
with the notes to the interim financial statements.

**DGI HOLDINGS LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Capital \$	Accumulated Losses \$	Option Reserve \$	Total Equity \$
<b>At 1 July 2013</b>	<b>25,943,274</b>	<b>(25,113,662)</b>	<b>116,130</b>	<b>945,742</b>
Loss for the period	-	(158,098)	-	(158,098)
Total comprehensive loss for the period	-	(158,098)	-	(158,098)
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	132,395	-	-	132,395
<b>At 31 December 2013</b>	<b>26,075,669</b>	<b>(25,271,760)</b>	<b>116,130</b>	<b>920,039</b>

<b>At 1 July 2012</b>	<b>24,311,311</b>	<b>(30,331,968)</b>	<b>116,130</b>	<b>(5,904,527)</b>
Profit for the period	-	5,294,186	-	5,294,186
Total comprehensive income for the period	-	5,294,186	-	5,294,186
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	1,631,963	-	-	1,631,963
<b>At 31 December 2012</b>	<b>25,943,274</b>	<b>(25,037,782)</b>	<b>116,130</b>	<b>1,021,622</b>

The Statement of Changes in Equity should be read in conjunction  
with the notes to the interim financial statements.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
31 DECEMBER 2013

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**1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORTS**

**Basis of Accounting**

This general purpose financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Corporations Act 2001 and Australian Accounting Standards (including Australian Accounting Interpretations) and authoritative pronouncements of the Australian Accounting Standards Board.

This financial report has been prepared in accordance with the historical costs convention.

The functional currency and presentation currency of DGI Holdings Limited is Australian dollars.

These half-year financial reports do not include all the notes of the type normally included in annual financial reports and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial reports.

The half-year financial reports should be read in conjunction with the annual financial reports for the year ended 30 June 2013 and any public announcements made by DGI Holdings Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

**Accounting Standards Issued**

In the half-year ended 31 December 2013, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for reporting periods beginning on or after 1 July 2013.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Company's accounting policies.

- **AASB 10 Consolidated Financial Statements** (effective from 1 July 2013) - AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7. The adoption of AASB 10 had no effect on the financial position or performance of the Company.
- **AASB 11 Joint Arrangements** (effective 1 July 2013) - AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Nonmonetary Contributions by Venturers. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
31 DECEMBER 2013

other standards via AASB 2011-7 and amendments to AASB 128. The adoption of AASB 11 had no effect on the financial position or performance of the Company.

- **AASB 12 Disclosure of Interests in Other Entities** (effective 1 July 2013) - AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced regarding the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The adoption of AASB 12 had no material impact on the financial statements of the Company.
- **AASB 13 Fair Value Measurement** (effective 1 July 2013) - AASB 13 consolidates fair value measurement guidance from across various Australian Accounting Standards into a single standard. AASB 13 does not change when fair value can or should be used. The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The adoption of AASB 13 had no material impact on the financial statements of the Company.
- **AASB 119 Employee Benefits** (effective 1 July 2013) - The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. The adoption of AASB 119 had no effect on the financial position or the performance of the Company.

## 2. PROPERTY, PLANT & EQUIPMENT

	31 December 2013	30 June 2013
	\$	\$
Opening balance	20,640	25,800
Additions	2,090	-
Accumulated depreciation	(2,580)	(5,160)
Total Property, plant and equipment	<u>20,150</u>	<u>20,640</u>

## 3. INTANGIBLE ASSETS

	31 December 2013	30 June 2013
	\$	\$
<i>Intellectual property</i>		
Opening balance	32,947	24,200
Additions	704	12,408
Accumulated amortisation	(1,657)	(3,661)
Impairment charges	-	-
Net carrying amount	<u>31,994</u>	<u>32,947</u>

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
31 DECEMBER 2013

**4. OTHER INCOME**

Effectuation of the DOCA on 4 September 2012 resulted in a net accounting gain of approximately \$5,954,527.

**Forgiveness of debt**

	31 December 2013	31 December 2012
	\$	\$
<b>Liabilities settled under DOCA</b>		
Trade and other payables	-	3,426,480
Borrowings	-	1,994,220
Employee benefits	-	533,827
<b>Total</b>	<u>-</u>	<u>5,954,527</u>

The above liabilities were no longer required to be settled by the Company in line with the Terms and Conditions of the DOCA.

**5. FAIR VALUE OF FINANCIAL INSTRUMENTS***Recurring fair value measurements*

The Company does not have any financial instruments that are subject to recurring fair value measurements.

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to approximate their fair value.

**6. CONTRIBUTED EQUITY**

Number of Shares	Summary of Movements:	Issue Price	\$
324,395,540	Opening balance 1 July 2013		25,943,274
-	Costs of capital raising	-	(3,218)
8,686,250	Exercise of Options on 16 December 2013	0.01	86,863
4,875,000	Exercise of Options on 18 December 2013	0.01	<u>48,750</u>
<u>337,956,790</u>	Closing balance at 31 December 2013		<u>26,075,669</u>
68,790,993	Opening balance 1 July 2012		24,311,311
(34,395,453)	Consolidation of capital on 1:2 basis	-	-
120,000,000	Share placement on 10 December 2012	0.001	120,000
170,000,000	Share placement on 10 December 2012	0.01	1,700,000
-	Costs of capital raising	-	<u>(188,037)</u>
<u>324,395,540</u>	Closing balance at 31 December 2012		<u>25,943,274</u>

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
31 DECEMBER 2013

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**7. SEGMENT INFORMATION**

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Company does not have any operating segments with discrete financial information. The Company does not have any customers, other than its' bankers, and all the Company's assets and liabilities are located within Australia. The Board of Directors review internal management reports that are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

**8. CONTINGENT LIABILITIES**

In the opinion of the directors there are no contingent assets or liabilities as at 31 December 2013.

**9. RELATED PARTY TRANSACTIONS**

Mr Roger Steinepreis, Director, is a director and shareholder of Steinepreis Paganin. During the period this entity provided legal services to the Company amounting to \$47,113 (net of GST). These services were provided at normal commercial rates.

Mr George Ventouras, Director, is owner of Ventouras Consulting. During the period this entity provided services relating to maintenance of the Company's intellectual property amounting to \$12,000 (net of GST). These services were provided at normal commercial rates.

Mr Nick Castleden, Director, is a director and shareholder of Cratonix Pty Ltd. During the period this entity provided services amounting to \$24,000 (net of GST) relating primarily to the assessment of projects presented to the Company, on a case by case basis. These services were provided at normal commercial rates.

**10. EVENTS OCCURRING AFTER REPORTING DATE**

Subsequent to the half-year end, the Company entered into a secured loan facility with iCollege. Pursuant to this facility DGI will loan iCollege up to a maximum of \$150,000. \$50,000 has been drawn down on the facility as at date of this report.

On 25 February 2014, DGI announced that the Company had raised \$250,000 through a placement of 50,000,000 fully paid ordinary shares at 0.5 cents. Funds raised are to be used to re-imburse the payment of the option fee of \$75,000 in relation to exercise of the option to acquire online education company iCollege, for the preparation of the Notice of Meeting and the Prospectus issued by the Company pursuant to ASX Listing Rule 11.1.3 in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules including the payment of all expert fees, and general working capital for administration fees and the existing business operations of the Company.

The Prospectus is for an offer of 12,500,000 shares at an issue price of \$0.20 per share to raise \$2,500,000 (Offer). Oversubscriptions of up to a further 5,000,000 shares at an issue price of \$0.20 per share to raise up to a further \$1,000,000 may be accepted.

The Offer is conditional (amongst other things) upon Shareholders approving, at the General Meeting to be held on or about 14 March 2014, the issue of the Shares offered by the Prospectus (Refer to Sections 3.5 and 5.2 of the Prospectus for further details).



**DGI HOLDINGS LIMITED**

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
31 DECEMBER 2013

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The Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-listing following a change to the nature and scale of the Company's activities upon the completion of the iCollege acquisition.

No other matter or circumstance has arisen since 31 December 2013 that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

**DGI HOLDINGS LIMITED**  
**DIRECTORS' DECLARATION**

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In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position at 31 December 2013 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Roger Steinepreis  
Chairman  
Perth, Western Australia  
27 February 2014

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DGI Holdings Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of DGI Holdings Limited, which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DGI Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of DGI Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of DGI Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Peter Toll', is written over the BDO logo.

Peter Toll

Director

Perth, 27 February 2014