

Annual Report 2015

D T I G R O U P L T D

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Corporate Directory

Directors

Chris Morris	Non-Executive Chairman
Richard Johnson	Managing Director
Neil Goodey	Non-Executive Director
Glyn Denison	Non-Executive Director
Jeremy King	Non-Executive Director

Company Secretary

Bruce Mitchell

Registered and Principal Office

31 Affleck Road
Perth Airport WA 6105
Telephone: 08 9479 1195
Facsimile: 08 9479 1190
Website: www.dti.com.au

Share Register

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford Vic 3067

Stock Exchange Listing

DTI Group Ltd shares are listed on the Australian Securities Exchange (ASX code: DTI)

Corporate Advisor

Pendulum Capital Pty Limited
Level 1, 5 Ord Street
West Perth WA 6005
Telephone: 08 9282 5400

Solicitors

Hewett & Lovitt
Level 1, 849 Wellington Street
West Perth WA 6005

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008
Telephone: 08 6382 4600

Bankers

Westpac Banking Corporation
109 St Georges Terrace
Perth WA 6000

Directors' report

The Directors present their report for the consolidated entity, consisting of DTI Group Ltd ("DTI" or "the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2015 ("Group") and the auditor's report thereon.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Chris Morris
Non-Executive Chairman

Term of Office

Chris was appointed Non-executive Chairman of DTI on 29 June 2011.

Skills and Experience

Chris has worked across the global securities industry for more than 30 years. He co-founded Computershare in 1978 and oversaw its listing on ASX in 1994. Chris's long-term strategic vision and passion for the industry have been instrumental in transforming Computershare from an Australian business into a successful global public company.

Other Directorships and Offices (current)

Non-Executive Chairman of Computershare Limited
Non-Executive Chairman of Smart Parking Limited

Other Directorships and Offices (former)

Nil

Board and Committee Memberships

Chairman of the Nominations and Remuneration Committee

Richard Johnson
Managing Director

Term of Office

Richard joined DTI as General Manager in 2005 and commenced the role as Chief Executive Officer in 2006. On 9 August 2011 he joined the Board as Managing Director.

Skills and Experience

Richard's qualifications include a Bachelor of Science in Electrical Engineering from the University of Calgary, and a Master of Engineering Studies and a Master of Business Administration from the University of Western Australia. He has more than 20 years experience in the transit technology sector. Richard held senior management positions at ERG Limited which developed, supplied and managed integrated fare collection systems for the transit industry around the world.

Other Directorships and Offices (current and former)

Nil

Board and Committee Memberships

Member of the Nominations and Remuneration Committee

Neil Goodey
Non-Executive Director

Term of Office

Neil co-founded DTI on 8 June 1995 and held the position of Managing Director until 2008.

Skills and Experience

Over the last 25 years Neil has founded and managed a number of successful technology-driven companies, including DTI. He created the software-focused vision for DTI and worked directly with the Company's engineering team to develop DTI's products and underlying intellectual property.

Other Directorships and Offices (current and former)

Nil

Board and Committee Memberships

Member of the Nominations and Remuneration Committee
Member of the Audit, Risk and Compliance Committee

Glyn Denison
Non-Executive Director

Term of Office

Glyn was appointed a Director on 19 January 2004. He was formerly an Executive Director of DTI responsible for business development before relinquishing his executive responsibilities in December 2006.

Skills and Experience

Glyn's qualifications include a Bachelor of Engineering and a Diploma in Business and Administration. He has over 30 years experience in the development of international distribution of technical products for the public transport industry, including senior roles at ERG Limited. Glyn has extensive knowledge of the public transit sector, including the existing customer base of DTI and its business partners.

Other Directorships and Offices (current)

Non-Executive Director of OBJ Ltd
Chairman of Wesbuilders Cooperative Limited

Other Directorships and Offices (former)

Nil

Board and Committee Memberships

Member of the Nominations and Remuneration Committee
Member of the Audit, Risk and Compliance Committee

Jeremy King
Non-Executive Director

Term of Office

Jeremy was appointed a Director on 29 June 2011.

Skills and Experience

Jeremy is a corporate lawyer by background and holds a Bachelor of Laws. He has over 15 years experience in domestic and international legal, financial and corporate matters. Jeremy has extensive corporate experience, particularly in relation to cross-border private equity and leveraged buy-out acquisitions, as well as acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings.

Directors' report (contd)

Other Directorships and Offices (current)

Director and Company Secretary of Smart Parking Limited
Non-Executive Director of Orca Energy Limited
Chairman of Continuation Investments Limited

Other Directorships and Offices (former)

Non-Executive Director of CEB Resources PLC

Board and Committee Memberships

Chairman of the Audit, Risk and Compliance Committee
Member of the Nominations and Remuneration Committee

Company Secretary

Bruce Mitchell

Date of appointment – 27 May 2012

Bruce has been a qualified Chartered Accountant for over 20 years and has over 20 years experience in senior financial roles. He joined DTI in 2012 as Chief Financial Officer and is responsible for the management and administration of all aspects relating to both internal and external financial accounting and reporting. Prior to joining DTI, Bruce gained experience working as a financial director for several South African-based companies. He has worked across varied industries including information technology and manufacturing.

Bruce has a Bachelor of Accounting Science (Honours) from the University of South Africa, and a Bachelor of Commerce from the University of Natal.

Principal activities

DTI is a leading provider of integrated surveillance systems and fleet management solutions for the global mobile security market. DTI's customers are transit agencies, law enforcement authorities and high-value freight operators. The Company offers the following products and services:

- Surveillance solutions – specialised hardware systems, incorporating video, audio, GPS tracking, communications and high-speed recording technology; supported by sophisticated device and data management software to provide a comprehensive, fleetwide, CCTV and vehicle management solutions.
- Managed services – back-end control room communications and infrastructure comprising wide-area urban surveillance, driver development and risk mitigation, video management, vehicle data analysis and monitoring, schedule adherence analysis, IT infrastructure, help desk, technical support and monitoring, and first line maintenance.

DTI markets and distributes its product range to customers around the world, both directly and in conjunction with a network of integrators and business partners.

DTI is a company limited by shares that is incorporated and domiciled in Australia. The Company is publicly listed on the Australian Securities Exchange under the code "DTI".

Review of operations

DTI progressed to the next step in the Company's evolution with the successful listing on the ASX in early December 2014. As DTI provides its solutions to a range of private enterprise and government sectors both domestically and internationally, listing on the ASX will assist the Company to expand its profile to additional customers and regions in the future. The initial public offering of 6.68 million new shares was conducted to provide the Company with additional working capital and funding to support the future growth of the Company; to enhance DTI's flexibility to pursue growth opportunities, including possible acquisitions; to provide DTI

with the benefits of an increased profile from being a listed entity; and to provide investors an opportunity to become a shareholder of DTI.

As provided in DTI's updated Forecast Guidance issued to the ASX on 20 April 2015, the forecasted revenue and other income for the 12 month period ending 30 June 2015 was projected to be approximately \$15.0 million resulting in a forecast NPAT performance of between \$0 and \$0.300 million. The actual revenue and other income for the 12 month period ending 30 June 2015 was \$16.04 million resulting in an NPAT profit of \$0.113 million and an EBITDA profit of \$1.529 million.

The majority of opportunities which formed part of the Company's original financial forecast for the 2015 financial year were deferred resulting in the updated Forecast Guidance issued to the ASX on 20 April 2015. Of the known opportunities which formed the Company's original financial forecast for 2015, only one has been lost, with four having been won. A further two contracts were won in the period which did not form part of the original forecast. The decisions of the remaining prospects have been delayed.

The outlook for DTI in the mobile security market remains positive and this is reinforced by the record number of prospects currently being pursued which total over 100 with a corresponding value well over \$200 million. The challenge is converting the opportunities into projects or purchase orders in a timely manner.

Australasia

DTI maintained its strong market position in the Australian transit sector in the second half with sales of \$4.23 million being above first half sales by \$0.59 million. For the corresponding 12 month period, sales in Australasia slightly reduced from \$9.46 million in 2014 to \$7.88 million in 2015. The reduction was primarily due to reduced sales relating to the completion of the Rio Tinto supply project. Sales of bus equipment remained strong and increased in the corresponding period and sales of maintenance services increased by 13% from \$2.05 million to \$2.31 million. Reduced sales in the Americas have led to Australasia picking up a higher portion of the Employee Expenses and Overheads.

Sales in Australia included a wide range of customers in Perth, Adelaide, Canberra, Tasmania, Melbourne, Sydney and Brisbane. In the first half, DTI signed a multi-year maintenance contract with the Dyson Group, one of Victoria's largest bus companies, and has recently signed a contract for video surveillance systems by Yarra Trams to be installed on its C2 Citadis trams in Melbourne. The Yarra Trams network includes 487 trams and with 250 kilometres of double track, Melbourne's tram network is the largest in the world. In the second half, DTI signed a multi-year contract with the Brisbane City Council, and has received initial orders for armoured cash transit vehicles to a prominent Australian security provider.

Europe, Middle East, Africa (EMEA)

DTI experienced strong growth in the EMEA market with sales growing from \$1.52 million in the 2014 financial year to \$2.93 million in the 2015 financial year. The increase in sales is primarily from new customers in South Africa, France, and Poland. Increased spend on marketing, the establishing of an office in South Africa and the high costs incurred in entering into the Poland market have led to an increase in Employee Expenses and Overheads in 2015.

In the UK, an order for the supply, monitoring and long-term support of advanced on-board video surveillance systems was announced in January 2015 as part of the class 321 rail vehicle refurbishment project for Eversholt Rail Group Ltd. This latest deployment raises the number of Class 321 and Class 315 rail cars installed with DTI's surveillance technology to over 700 – the majority of which operate daily as part of the London commuter rail network. Also in the UK, DTI announced in July 2014 the order and initial deliveries of video surveillance systems for 100 new double and single deck vehicles from Alexander Dennis Limited which is the largest bus and coach manufacturer in the UK.

DTI opened a French office located in the city of Besançon in July 2014 in order to expand into the French market. Concurrent with the establishment of an office, DTI received its first order in France from Cibest (its French partner) for the supply of advanced video equipment for 100 buses in the region of Grand Besançon and building on this initial success in France, an order with Cibest was issued for 36 advanced video surveillance systems for the Marseille Metro in August 2014. A subsequent order was received for 66 systems for Syndicat Mixte des Transports (SMT) Artois-Gohelle, the operator of buses in the Artois-Gohelle region of northern France.

Directors' report (contd)

In July 2014, DTI received an order to provide 30 video surveillance systems for Tshwane Buses covering Pretoria in South Africa and the South African presence was further expanded with an order for 106 video surveillance systems for Cape Town in June 2015. DTI opened an office in South Africa in February 2015 to pursue a further range of active prospects in South Africa. This investment in South Africa forms an important part of DTI's growth strategy of extending the reach of the Company's offering to transit operators primarily in bus and rail in the region.

DTI announced in July 2014 an initial order of video surveillance systems by the Polish railway vehicle manufacturer PESA for delivery to ZKM Gdańsk, the operator of the trams in Gdańsk Poland. Following this order, DTI announced the receipt of two further orders in Poland. The first project includes an order for 30 video surveillance systems by DTI's Polish partners, DTI Polska Sp. z o.o. and R&G Plus Sp. z o.o., for delivery to MPK – Łódź Sp. z o.o., the operator of the trams in Łódź Poland. The second project includes an order for 16 video surveillance systems by the Polish railway vehicle manufacturer and refurbishment company, Modertrans Poznań Sp. z o.o. for delivery to ZKM Gdańsk Sp. z o.o., the operator of the trams in Gdańsk, Poland.

Americas

DTI experienced weak sales in the Americas market in the 2015 financial year as a result of timing issues with deliveries due to matters unrelated to DTI as explained below and sales fell from \$8.82 million in 2014 to \$3.89 million in 2015. This reduction was primarily due to reduced sales relating to Kratos and UTC. With Kratos, the main retrofit project for the San Francisco MTA was successfully completed in the first half of the 2013 financial year. However, ongoing sales associated with new vehicle procurements for the MTA have only recently commenced as announced at the end of March 2015.

As mentioned in the 2014 Annual Report, a key US city, which initially equipped 426 buses with digital surveillance systems in 2011 and a further 1,100 units equipped throughout the 2012–13 financial year, is proceeding with a further expansion in the 2015 and 2016 financial years with an order for over 900 systems, but the manufacture of the buses was delayed due to matters unrelated to DTI. These orders are now being received and will be delivered in the 2016 financial year. Options of more than 200 out of 600 in the contract are understood to be in the process of being exercised.

In July 2014, DTI announced that its advanced surveillance solution was specified in a bus procurement tender issued by the San Francisco MTA. The bus procurement tender includes the manufacture of up to 454 buses over a five-year period with orders now expected to commence towards the end of this financial year. The tender states that the contractor shall provide and install a digital video recording and surveillance system by DTI or an approved equal. This is a strong statement as it highlights the customer's preference for DTI products going forward for the next five years. The Company is also hopeful that the DTI solution is recommended for further vehicle procurements with the MTA such as the 64 vehicle light rail project which has options of up to 260 cars.

In January 2015, DTI created a wholly owned subsidiary in the US. The subsidiary will be an effective structure for DTI to become closer to specific customers in the very large North American market. This subsidiary forms an important part of DTI's growth strategy of extending the reach of DTI's offering to transit operators primarily in bus and rail in North America. As part of the strategy, DTI commenced direct sales in the US market in June 2015.

In addition, the receipt of US denominated funds from the US market provides DTI with a slight positive sensitivity to a declining Australian dollar based on current forecast revenue. The US revenue is an important hedge against a declining Australian dollar as many electronic components are sourced in US denominated funds.

Technology Development Activities

DTI continues to build on its offering to realise its vision to become a global leader in surveillance systems and fleet management solutions for the global mass transit industry and other related markets. One key element of this strategy includes continuing to invest in the Company's R&D program to develop new or improved products and solutions. Custom modifications to DTI's product range are carried out by the Company's in-house development team. DTI's ability to modify both hardware and software, coupled with a close relationship to the end customer, allows for specific customer requirements to be quickly and effectively delivered.

DTI's comprehensive back-end CCTV management solution which centralises and coordinates the vehicle CCTV and other data continues to be improved and enhanced. The latest generation is called DTI Central. DTI Central caters for improved enterprise views, more redundancy, improved logging, improved job queuing, increased scalability, easier configuration of many aspects of the system and updated user interfaces. DTI Central will cater for increased integration with other solutions as they arise in the Smart City environment.

As part of DTI's comprehensive rail product suite, development continued on a pantograph and overhead wire infrastructure inspection solution which uses machine vision and video analytics. These systems will be incorporated in the DTI central maintenance suite to provide rail maintenance staff with easy to reference pantograph infrastructure condition with alerts to potential threats and loss of service on the rail line. DTI has applied for four patents for this technology and currently has trials in Australia, France, Turkey, Poland and one planned for the UK.

DTI has also progressed trials in Poland and Australia on automated passenger counting using video analytics. The video based passenger counting module is a cost-effective way to count and monitor passenger numbers on rail or bus fleets. Using discreet overhead cameras above doorways, this technology uses a virtual trip-wire zone for detection of human forms. Every time passengers cross a line or enter a designated area in either direction, the software registers a count (in/out) and updates the database. This information is processed and stored on-board a database partition within the DTI recorder.

The Virtual Observer technology incorporates spatial-temporal data structures to allow footage from forward view cameras across a number of vehicles to be stitched together across time from a virtual location chosen by the surveillance operator. DTI is currently promoting this technology in the US market.

The development of the MDR6 product was commenced in the 2014 financial year. The MDR6 is based on the cost-effective MDR5L which includes the integration of technologies into the product such as dual frequency wireless networking, 3G/4G communications, lower power components, a smaller footprint, 16 full-frame rate camera channels. The MDR6 also includes eight transit rated Power Over Ethernet ports catering specifically for the next generation of high resolution megapixel IP cameras.

Quality Assurance Activities

DTI qualified for ISO9001:2008 Quality Assurance accreditation with an audit in July 2015 by internationally recognised accreditation firm Bureau Veritas. As the world's most widely recognised quality management standard, ISO9001 outlines ways to achieve, as well as benchmark, consistent performance and service. The ISO9001 accreditation provides further assurance to customers and will cater to broadening business opportunities globally.

Cash Position

The Company's cash balance improved to \$3.8 million from \$1.4 million at the end of June 2014. This was predominantly due to the net cash proceeds from the Company's initial public offer plus the exercise of options.

Balance Sheet

The Company's balance sheet has further strengthened in 2015. There is virtually no debt and liquidity is robust with the ratio of current assets to current liabilities being 4.1 (2014: 3.5). The accumulated losses situation of prior years has been reversed to a retained profits position, with the transfer of the share option reserve on exercise/expiry of all the share options.

Directors' report (contd)

Results and dividends

The result of the consolidated Group for the financial year ended 30 June 2015 was a \$113,517 profit (2014: \$1,115,975 profit) after a \$11,803 share of Virtual Observer's loss for the year (2014: \$10,809 loss), a \$169,964 share of DTI EMEA's loss for the year (2014: \$111,025 loss), a \$4,574 share of DTI USA Inc's profit for the year (2014: n/a) and a net foreign exchange gain of \$295,351 (2014: \$137,651 gain).

Total revenue was \$14.7 million, which is significantly down on the prior year's \$19.8 million. This was mainly due to weak sales in the Americas market arising out of timing issues with deliveries that were unrelated to DTI. The high costs incurred in entering into the Poland market and the establishing of an office in South Africa have led to an increase in marketing expenses. Employee benefits, administrative and other expenses were contained and reduced to less than in the previous year. Costs of materials were lower, primarily resulting from increased cost reduction efforts. The tax expense is 84% of profit before tax due to the combined effect of tax on the \$0.991 million R&D grant and previous carried forward tax losses now being fully utilised.

The EBITDA result of the consolidated Group for the financial year ended 30 June 2015 was a \$1,529,197 profit (2014: \$3,076,060 profit).

No dividends have been paid or declared since the end of the previous financial year (2014: nil) and the Directors do not recommend any dividend be paid.

The outlook remains strong and DTI has entered the 2015 financial year with a very robust list of prospects bolstered by ongoing contracts and orders.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of DTI.

Events since the end of the financial year

No matters or circumstance have arisen that have significantly affected, or may significantly affect, the operations of DTI, the results of those operations or the state of affairs of DTI in subsequent years that is not otherwise disclosed in this report.

Likely developments and expected results of operations

DTI remains confident in its outlook as it seeks to drive growth via its strong pipeline of opportunities. The Company's ongoing investment in research and development aims to strive for continued innovation and market leadership of the products and services that DTI offers to the global mass transit industry and other related markets. Based on its assessment of existing and anticipated new orders and projects, DTI is aiming to achieve at least a 50% increase in FY16 EBITDA compared to FY15 EBITDA.

Environmental regulation

The Company is not subject to any environmental regulation. The Directors have considered compliance with the *National Greenhouse and Energy Reporting Act 2007* which requires entities to report greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements, but the Company may be required to do so in the future.

Options

At the date of this report, there are no unissued ordinary shares of the Company under option as the previously outstanding options were all exercised prior to, or expired on, 30 June 2015. There were no other options issued to Directors or key management personnel during the year.

Further information in respect of options is set out in Note 18 to the financial statements.

Shares Issued on the Exercise of Options

The following ordinary shares of the Company were issued during the year ended 30 June 2015 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date Options Granted	Issue Price of Shares	Number of Shares Issued
30 June 2011	\$0.322	8,496,107

Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are as follows:

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Attended	Eligible	Attended	Eligible	Attended	Eligible
Neil Goodey	7	7	2	2	-	-
Glyn Denison	7	7	1	2	-	-
Chris Morris	5	7	-	-	-	-
Richard Johnson	7	7	-	-	-	-
Jeremy King	6	7	2	2	-	-

Information on Directors' interests in securities of DTI

Current Directors	Interest in Securities at the Date of this Report	
	Shares ¹	Options
Neil Goodey	6,575,198	-
Glyn Denison	2,887,638	-
Chris Morris	18,048,144	-
Richard Johnson	469,908	-
Jeremy King	350,000	-

Note:

¹ Shares means fully paid ordinary shares in the capital of the Company.

Directors' report (contd)

Remuneration Report

This Remuneration Report, which forms part of the Directors' Report, sets out information about the remuneration of Key Management Personnel (KMP) of the Group.

Details of KMP

Details of the KMP of the Group, during or since the end of the financial year are set out below:

Directors

Chris Morris	Non-Executive Chairman
Richard Johnson	Managing Director
Neil Goodey	Non-Executive Director
Glyn Denison	Non-Executive Director
Jeremy King	Non-Executive Director

Other KMP

Jean-Michel Florent	Chief Operating Officer
Bruce Mitchell	Chief Financial Officer

Unless otherwise disclosed, the KMP held their position from 1 July 2015 until the date of this report.

Remuneration Policy and Link to Performance

The Board has established the current remuneration structure and policies of the Company to ensure that they are aligned to the needs of the business, and meet the Company's remuneration principles. The Nominations and Remuneration Committee will annually review the remuneration policies and remuneration of the KMP. This review will include the determination of incentive packages of executive KMP. From time to time, the committee may also engage external remuneration consultants to assist with this review.

The Company's remuneration policy for the Chief Executive Officer (CEO) is detailed in a Management Compensation Plan (MCP). The CEO is the only member of the KMP currently participating in the MCP.

DTI wishes to structure the total remuneration of the CEO in a way that not only incentivises the CEO to deliver on short-term financial performance but also encourages him to build long-term shareholder value.

The MCP is based on the concept of a total package guide which is an indication of what the CEO's total remuneration would be if budgeted financial performance is achieved and the CEO performed satisfactorily. If the business and/or the CEO perform below standard then the total remuneration will be less. If financial performance exceeds budget and there is above average performance by the CEO then the package can increase by up to 18.75% of the targeted total remuneration.

The composition of the total package guide is:

- base salary – 75% of package guide;
- bonus payment – 12.5% of package guide or up to 25% of the base salary for exceptional performance; and
- long-term incentive (LT Incentive) – 12.5% of package guide payable in equity securities. This can be up to 33.3% of the base salary for exceptional performance.

The bonus payments and LT Incentive are determined following the finalisation of the audited annual financial results. If employment has ceased for any reason on or before the date when the bonus is paid or is due for payment, eligibility to receive the bonus payment and LT Incentive lapses.

The CEO can elect to receive the bonus payment in equity securities, subject to shareholder approval.

The non-financial ratings for both the bonus payment and LT Incentive are a guide only and individual scores will not be disclosed to the CEO unless a score of less than two out of four on any criteria is assessed.

The Board of DTI reserves the right not to pay any bonus or LT Incentive if earnings are significantly below budget.

Assessing Performance and Claw-back of Remuneration

The Nominations and Remuneration Committee is responsible for assessing performance against KPIs and recommending to the Board the bonus payment and LT Incentive to be paid. Prior to the establishment of the Nominations and Remuneration Committee in December 2014, these responsibilities were undertaken by the Board.

In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board can cancel or defer performance-based remuneration and may also claw back performance-based remuneration paid in previous financial years.

Elements of Executive Remuneration

Fixed Remuneration

Executive KMP and other executive management may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance, and car allowances. Fixed remuneration is reviewed annually, or on promotion. Superannuation is calculated on fixed remuneration at the rate of 9.5%.

Bonuses

Executive KMP and other executive management may receive a cash bonus as determined by the CEO and approved by the Board following a performance review by the CEO.

Relative Proportions of Fixed and Variable Remuneration Expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed based on the amounts disclosed as statutory remuneration expense.

Executive KMP	Fixed Remuneration		At Risk – Short-term Incentive		At Risk – Long-term Incentive	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Richard Johnson	63	63	16	16	21	21
Jean-Michel Florent	100	100	–	–	–	–
Bruce Mitchell	100	100	–	–	–	–

Notes:

- Richard Johnson's (CEO) remuneration is calculated as the total package guide including over performance bonuses. The CEO receives a base salary of \$240,000 plus superannuation at the rate of 9.5%, with eligibility for short-term bonuses of up to \$60,000 and LT Incentives in the form of shares up to \$80,000 under the MCP. Details of the MCP are provided in a separate section of this Remuneration Report.
- Jean-Michel Florent (COO) and Bruce Mitchell (CFO) are paid fixed salaries and may receive a cash bonus based on a performance assessment carried out by the CEO and approved by the Board. Details of the cash bonus paid are set out in a separate section of this Remuneration Report.

Directors' report (contd)

Employment Contracts with KMP

Component	Managing Director	Other Executive KMP
Fixed remuneration	\$240,000	\$170,000–\$211,571
Contract duration	Ongoing contract	Ongoing contract
Notice period – individual	4 weeks	8 weeks
Notice period – company	Between 1 and 5 weeks depending on service and age of employee	Between 1 and 5 weeks depending on service and age of employee
Termination payments	None specified	None specified

In the event of serious misconduct, termination may be without notice and without payment in lieu.

Note:

The Managing Director is eligible for compensation under the MCP as provided in a separate section of this remuneration report.

Non-Executive Director Remuneration

Non-Executive Directors receive a Board fee and fees for chairing or participating on Board committees, as set out below. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The Chairman does not receive additional fees for participating in or chairing committees.

Fees are to be reviewed annually by the Nominations and Remuneration Committee. The current base fee structure was reviewed by the Board effective from 9 December 2014 reflecting the increased Non-Executive Directors' responsibilities for a public listed company.

The maximum annual aggregate Directors' fee pool limit is \$250,000 and was approved by shareholders at a general meeting of shareholders on 9 June 2014.

The Chairman of the Board receives a fixed fee of \$50,000 per annum. Other Non-Executive Directors each receive an annual Board fee of \$30,000 plus an additional \$5,000 per annum Audit, Risk and Compliance Committee fee. A further fee of \$5,000 per annum is paid to the chairman of the Audit, Risk and Compliance Committee. No additional fees apply with respect to the Nominations and Remuneration Committee.

All Non-Executive Directors have entered into a service agreement with the Company in the form of a letter of appointment. The letter summarises various matters relating to the appointment including the position's role and responsibilities, time commitments, remuneration and expenses, outside interests, securities dealing policy and the treatment of confidential information. These matters are consistently applied for each Non-Executive Director.

KMP Remuneration

Details of the nature and amount of each element of the remuneration of each KMP for the current and prior financial year are as follows:

2015		Short-term Benefits			Post-Employment Benefits		
Director	Salary and fees \$	Cash bonus \$	Travel allowance \$	Annual and long service leave \$	Super-annuation \$	Share-based payments \$	Total \$
Neil Goodey	27,172	–	–	–	2,581	–	29,753
Glyn Denison	27,450	–	–	–	2,331	–	29,781
Chris Morris	36,855	–	–	–	–	–	36,855
Richard Johnson	240,000	104,000	4,660	10,523	27,316	–	386,499
Jeremy King	31,562	–	–	–	–	–	31,562
Jean-Michel Florent	190,338	15,943	11,660	12,138	19,171	–	249,250
Bruce Mitchell	168,206	30,000	–	5,231	17,405	–	220,842
Total	721,583	149,943	16,320	27,892	68,804	–	984,542

Notes:

- Richard Johnson (CEO) was awarded a short-term cash bonus totalling \$14,000 and LT Incentives in the form of shares totalling \$24,000 for performance during the 2015 financial year, which was accrued in the 2015 financial year. The CEO received a short-term bonus totalling \$18,000 and LT Incentives totalling \$48,000, both taken as cash payments, for his performance for the 2014 financial year which were not accrued and therefore expensed in FY2015. DTI has not yet sought shareholder approval for an employee share plan, and the LT Incentives relating to the 2015 financial year totalling \$24,000 have been paid in the form of cash. The LT Incentive awarded to the CEO for the 2014 financial year totalling \$48,000 was also paid in the form of a cash payment in lieu of shares as agreed with the CEO, given the proposed listing of the Company on ASX.
- Jean-Michel Florent, (COO) was awarded a performance cash bonus of \$1,988 subsequent to the end of the 2015 financial year. The Company has not accrued for the bonus which will therefore be expensed in FY2016. The COO received a cash bonus of \$13,955 for performance during the 2014 financial year which was not accrued in FY2014 and has been expensed in the 2015 financial year. The bonus was based on a review of his performance in relation to sales targets for each of the financial years by the CEO and approved by the Board and is not linked to the MCP.
- Bruce Mitchell (CFO) was awarded a performance cash bonus of \$15,000 subsequent to the end of the 2015 financial year. The Company has not accrued for the bonus which will therefore be expensed in FY2016. The CFO also received a cash bonus of \$15,000 for performance during the 2014 financial year which was not accrued in FY2014 and has been expensed in the 2015 financial year. The bonus was based on a review of his performance for each of the financial years by the CEO and approved by the Board and is not linked to the MCP.

2014		Short-term Benefits			Post-Employment Benefits		
Director	Salary and fees \$	Cash bonus \$	Travel allowance \$	Annual and long service leave \$	Super-annuation \$	Share-based payments \$	Total \$
Neil Goodey	21,000	–	–	–	1,943	–	22,943
Glyn Denison	21,727	–	–	–	2,010	–	23,737
Chris Morris	22,000	–	–	–	–	–	22,000
Richard Johnson	240,000	33,000	8,308	19,620	26,021	35,000	361,949
Jeremy King	21,000	–	–	–	–	–	21,000
Jean-Michel Florent	180,000	850	6,231	14,330	17,305	–	218,716
Bruce Mitchell	170,462	12,000	–	5,512	16,878	–	204,852
Total	676,189	45,850	14,539	39,462	64,157	35,000	875,197

Notes:

- Richard Johnson was awarded a short-term cash bonus totalling \$33,000 and LT Incentives totalling \$35,000 for performance during the 2013 financial year. The LT Incentive share-based payment was via the issue of 17,500 shares in DTI at \$0.286 per share (on a post-share split basis). The FY2013 performance linked remuneration was paid in the 2014 financial year and was not accrued in the FY2013 accounts.
- The cash bonuses awarded to Jean-Michel Florent (\$850) and Bruce Mitchell (\$12,000) were for the 2013 financial year. The bonuses were approved and paid subsequent to the end of the 2013 financial year and were not accrued in the FY2013 accounts. The bonuses have therefore been expensed in the 2014 financial year.

Directors' report (contd)

Relationship between Remuneration and DTI Performance

The relationship between remuneration and DTI's FY2015 performance for the following executive KMPs is set out below.

Richard Johnson

- Cash bonus based on the achievement of budgeted EBITDA (70% weighting) and the achievement of other criteria including projects and margins, business expansion, service levels and product reliability (30% weighting). The composition of the cash bonus is 12.5% of the package guide or up to 25% of the base salary for exceptional performance.
- LT Incentive based on the achievement of earnings per share performance compared to the previous period (50% weighting) and non-financial performance including leadership, replaceability and character (50% weighting). The LT Incentive forms 12.5% of the package guide or up to 33% of the base salary for exceptional performance.

Jean-Michel Florent

Cash bonus based on sales in which he was directly involved.

Bruce Mitchell

The cash bonus is based on non-financial criteria relating to the Chief Financial Officer's role.

Performance-based Remuneration Granted and Forfeited during the Year

The following bonuses relate to performance for the 2015 and 2014 financial years awarded under the Company's MCP. The bonuses for the 2015 financial year were awarded subsequent to the end of the financial year; however, an accrual was recorded in FY2015. No accrual was recorded for the bonus relating to performance of the CEO for FY2014 and it was therefore expensed in FY2015.

2015	Short-term Benefits			LT Incentives		
	Total Opportunity (Note 1) \$	Awarded %	Forfeited %	Total Opportunity \$	Shares / Cash Granted (Note 2) \$	Shares / Cash Forfeited \$
<i>Bonus relating to the 2015 financial year performance (accrued in FY2015)</i>						
Richard Johnson	60,000	23	77	80,000	24,000	56,000
<i>Bonus relating to the 2014 financial year performance (expensed in FY2015)</i>						
Richard Johnson	60,000	30	70	80,000	48,000	32,000

Notes:

- 1 The CEO was awarded a short-term cash bonus totalling \$14,000 and LT Incentives in the form of shares totalling \$24,000 for performance during FY2015, which were accrued in FY2015. The CEO received a short-term bonus totalling \$18,000 and LT Incentives totalling \$48,000, both taken as cash payments, for his performance for FY2014 which were not accrued and therefore expensed in FY2015.
- 2 DTI has not yet sought shareholder approval for an employee share plan, and the LT Incentives relating to FY2015 totalling \$24,000 have been paid in the form of cash. The LT Incentive awarded to the CEO for FY2014 totalling \$48,000 were also paid in the form of a cash payment in lieu of shares as agreed with the CEO, given the proposed listing of the Company on ASX.

No other KMP were awarded bonuses under the Company's MCP for the 2015 or 2014 financial years.

Statutory Performance Indicators

DTI aims to align executive remuneration to the Company's strategic and business objectives and the creation of shareholder wealth. The following table shows measures of the Group's financial performance over the last two years as required by the *Corporations Act 2001*. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Performance Indicators	FY2015	FY2014
Profit (loss) after tax	\$113,517	\$1,115,975
Dividends	nil	nil
Share price	\$0.30	n/a
Basic earnings per share	0.1 cents	1.5 cents

Note:

DTI listed on the ASX on 9 December 2014.

Options Granted to KMP

No options were granted as remuneration to KMP of the Company or Group during the financial year.

Reconciliation of Options and Ordinary Shares Held by KMP

Options

KMP	Balance at the Start of the Year	Granted	Acquired (Disposed)	Exercised	Expired	Balance at the End of the Year
Neil Goodey	121,310	–	–	121,310	–	–
Glyn Denison	44,905	–	–	33,836	11,069	–
Chris Morris	11,200,000	–	(557,000)	7,200,000	3,443,000	–
Richard Johnson	4,445	–	30,000	34,445	–	–
Jeremy King	175,000	–	–	175,000	–	–
Jean-Michel Florent	–	–	527,000	527,000	–	–
Bruce Mitchell	–	–	–	–	–	–

Notes:

- All options were vested and exercisable.
- The amounts paid per ordinary share on the exercise of options at the date of exercise were as follows: \$0.322.
- The options that expired during the year were granted on 30 June 2011.

Ordinary Shares

KMP	Balance at the Start of the Year	Granted as Compensation	Received on Exercise of Options	Acquired (Disposed)	Balance at the End of the Year
Neil Goodey	6,453,888	–	121,310	–	6,575,198
Glyn Denison	2,853,802	–	33,836	–	2,887,638
Chris Morris	11,200,000	–	7,200,000	(351,856)	18,048,144
Richard Johnson	435,463	–	34,445	–	469,908
Jeremy King	175,000	–	175,000	–	350,000
Jean-Michel Florent	–	–	527,000	–	527,000
Bruce Mitchell	–	–	–	249,000	249,000

None of the shares are held nominally by the Directors or any other KMP.

Directors' report (contd)

Loans Given to KMP

No loans have been given or provided to KMP.

Other Transactions with KMP

Computershare Investor Services Pty Limited provides share registry service to DTI. Chris Morris (Non-Executive Chairman of DTI) is also the Non-Executive Chairman of Computershare Limited. DTI paid Computershare Investor Services Pty Limited \$12,798 during the current year (2014: n/a)

Reliance on External Remuneration Consultants

There has not been any reliance on external remuneration consultants.

This concludes the remuneration report, which has been audited.

Auditor independence

In relation to the audit of the financial report for the year ended 30 June 2015, the auditors have issued the Directors with an independence declaration. Refer to page 55 for the specific declaration.

Non-audit services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by Board of Directors prior to commencement to ensure they do not conversely affect the integrity and objectivity of the auditor.
- The nature of the services provided does not compromise the general principles relating to auditor independence as set out in the APES Code of Ethics for Professional Accountants.

The total fees for non-audit services paid to the auditor or related practices of the auditor during the year ended 30 June 2015 were \$11,720 (2014: \$24,613) being for the Investigating Accountant's Report and review work performed in connection with the Company's proposed initial public offer and ASX listing.

Proceedings on behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as named above) and all executive officers of the Company against a liability incurred as such Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Signed in accordance with a resolution of the Directors made pursuant to s298(2) of the *Corporations Act 2001*.



Richard Johnson
Director
28 August 2015, Perth, Australia

Financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue from continuing operations	3(a)	14,705,897	19,798,072
Other income	3(b)	1,338,250	1,014,151
Change in inventory of finished goods	3(c)	736,816	290,425
Raw materials and consumables used	3(c)	(7,736,182)	(10,184,984)
Employee benefits expense		(4,821,419)	(5,044,230)
Depreciation and amortisation expense		(884,832)	(966,829)
Administration expenses		(985,215)	(1,221,789)
Marketing expenses		(1,033,018)	(733,272)
Research and development expenses		(14,158)	(44,161)
Other expenses		(610,736)	(710,495)
Finance costs	3(d)	(4,892)	(4,262)
Profit from operations before income tax		690,511	2,192,626
Income tax (expense) / benefit	4	(576,994)	(1,076,651)
Profit after tax		113,517	1,115,975
Profit is attributable to:			
Owners of DTI Group Ltd		113,517	1,115,975
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(60,276)	(18,361)
Total other comprehensive income/(loss)		(60,276)	(18,361)
Total comprehensive income for the year		53,241	1,097,614
Total comprehensive income is attributable to:			
Owners of DTI Group Ltd		53,241	1,097,614
Earnings per share for profit / (loss) attributable to the ordinary equity holders of the Company:			
Basic earnings per share (cents per share)	25	0.14	1.46 ⁽¹⁾
Diluted earnings per share (cents per share)	25	0.14	1.46 ⁽¹⁾

⁽¹⁾ The number of shares used in calculating the June 2014 earnings per share has been adjusted to reflect the effect of the 7 for 1 share split completed in June 2014.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2015

	Note	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	24(a)	3,839,829	1,447,821
Other financial assets	7	400,063	400,063
Trade and other receivables	8	6,309,975	5,746,979
Inventories	9	4,612,086	2,543,940
Other current assets	10	130,640	90,644
Total current assets		15,292,593	10,229,447
Non-current assets			
Other receivables	8	531,032	452,232
Property, plant and equipment	11	573,076	651,921
Intangible assets	12	2,517,548	2,054,686
Deferred tax assets	4(c),13	–	–
Total non-current assets		3,621,656	3,158,839
Total assets		18,914,249	13,388,286
Current liabilities			
Trade and other payables	14	3,720,171	2,882,313
Borrowings	15	19,042	13,021
Total current liabilities		3,739,213	2,895,334
Non-current liabilities			
Borrowings	16	46,704	65,711
Provisions	17	70,273	48,508
Deferred tax liabilities	4(c)	380,305	203,810
Total non-current liabilities		497,282	318,029
Total liabilities		4,236,495	3,213,363
Net assets		14,677,754	10,174,923
Equity			
Contributed equity	18	13,723,974	9,274,384
Reserves	19(a)	(78,637)	1,138,596
Retained profits / (accumulated losses)	19(b)	1,032,417	(238,057)
Total equity		14,677,754	10,174,923

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2015

	Contributed Equity \$	Options Reserve \$	Foreign Currency Translation Reserve \$	Retained Profits / (Accumulated Losses) \$	Total \$
At 30 June 2013	9,239,384	1,156,957	–	(1,354,032)	9,042,309
Profit for the year	–	–	–	1,115,975	1,115,975
Other comprehensive income/(loss)	–	–	(18,361)	–	(18,361)
Total comprehensive income/(loss) for the year	–	–	(18,361)	1,115,975	1,097,614
Transactions with owners in their capacity as owners					
Issue of share capital (Note 18(a))	35,000	–	–	–	35,000
At 30 June 2014	9,274,384	1,156,957	(18,361)	(238,057)	10,174,923
Profit for the year	–	–	–	113,517	113,517
Other comprehensive income/(loss)	–	–	(60,276)	–	(60,276)
Total comprehensive income/(loss) for the year	–	–	(60,276)	113,517	53,241
Transactions with owners in their capacity as owners					
Transfer option reserve to retained earnings	–	(1,156,957)	–	1,156,957	–
Issue of share capital (net of transactions costs)	4,449,590	–	–	–	4,449,590
At 30 June 2015	13,723,974	–	(78,637)	1,032,417	14,677,754

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		14,661,528	17,641,938
Payments to suppliers and employees		(16,304,326)	(17,761,356)
Interest received		51,038	87,658
Research and development grant received		833,895	877,254
Interest paid		(4,892)	(4,262)
Tax paid		(134,677)	–
Net cash inflow / (outflow) from operating activities	24(b)	(897,434)	841,232
Cash flows from investing activities			
Payments for plant and equipment		(179,578)	(203,076)
Payments for intangible assets		(1,089,396)	(349,929)
Net cash outflow from investing activities		(1,268,974)	(553,005)
Cash flows from financing activities			
Proceeds from issues of shares		4,734,111	–
Share issue expenses		(290,156)	–
Repayment of borrowings		(12,986)	(10,846)
Net cash inflow / (outflow) from financing activities		4,430,969	(10,846)
Net increase / (decrease) in cash and cash equivalents		2,264,561	277,381
Cash and cash equivalents at the beginning of the year		1,447,821	1,170,440
Effect of foreign exchange on opening balances		127,447	–
Cash and cash equivalents at the end of the year	24(a)	3,839,829	1,447,821

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

Note 1: Summary of significant accounting policies

Statement of compliance

This financial report includes the consolidated financial statements and notes of DTI Group Ltd and its subsidiaries ("Group"). The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. The Group's financial statements and accompanying notes also comply with International Financial Reporting Standards (IFRS).

DTI is a for-profit company limited by shares incorporated in Australia whose shares have been publicly traded on the Australian Securities Exchange from 9 December 2014.

The financial statements were authorised as per the Directors' declaration on page 52 dated 28 August 2015.

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed in Note 1(x) are, where applicable, in the relevant notes to the financial statements.

As a result of becoming a disclosing entity during the year, the Company has provided the disclosures required of a disclosing entity, including segment reporting and earnings per share information. Accounting policies for these new disclosures have been included in Note 1(u) and (v). Comparatives for these new disclosures have been provided.

Accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015 and the comparative information presented in these financial statements for the year ended 30 June 2014.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Trade and other payables

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 60 to 90 days of recognition.

(c) Property, plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is provided on property, plant and equipment. Depreciation is calculated on either a diminishing value or straight line basis so as to allocate the net cost or other re-valued amount of each asset over its estimated useful life or in the case of certain leased plant and equipment the shorter lease term.

The following estimated useful lives are used in the calculation of depreciation:

- plant and equipment – 2.5–5 years
- motor vehicles under finance lease – 5 years
- buildings – 10 years.

(d) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(e) Impairment of assets

At each reporting date, the entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Note 1: Summary of significant accounting policies (contd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

(g) Investment and other financial assets

The Company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables are included in trade and other receivables (Note 8) in the statement of financial position. Financial assets are derecognised when the rights to receive the cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Loans and receivables are carried at amortised cost using the effective interest method.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(h) Financial instruments issued by the Company

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of equity instruments to which the costs relate. Transaction costs are costs that are incurred directly in connection with the issue of those equity instruments and which could not have been incurred had those instruments not been issued.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transactions costs) and the redemption amount is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

(j) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit and loss in finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

(k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of the item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Note 1: Summary of significant accounting policies (contd)

(l) Government grants

Government grants are assistance by the government in the form of transfers of resources to the Company in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Company other than the requirement to operate in certain regions or industry sectors.

Government grants relating to income are recognised as income over the periods necessary to match them with the related costs. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised as income of the period in which it becomes receivable.

Government grants relating to assets are treated as deferred income and recognised in profit and loss over the expected useful lives of the assets concerned.

(m) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average basis by location. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Leased assets

Leased assets classified as finance leases are recognised as assets. The amount initially brought to account is the present value of minimum lease payments. Finance leased assets are amortised on a diminishing value basis over the estimated useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period. Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (Note 21). Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

(o) Trade and other receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in the profit and loss.

(p) Intangible assets

Intangibles

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services and direct labour. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The intangible assets in existence as at 30 June 2012 have been assessed as having a finite life and are amortised using the straight line method over a period of 4 years. Intangible assets arising after 1 July 2012 are amortised in proportion to the sales of the commercial units they relate to, as this is deemed to be a more accurate and reasonable basis.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets is as follows:

Policy	Patents	Development Costs
Useful lives	Finite	Finite
Amortisation methods used	Amortised over the period of expected future benefits from the related project on a straight-line basis	Amortised over the period of expected future benefits from the related product on a straight-line basis
Internally generated or acquired	Acquired	Internally generated
Impairment testing	Annually and more frequently when an indication of impairment exists	Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year end

Patents have been assessed as having a useful life and are amortised using the straight line method over a period of 10 years. The patents have been granted for between 15 and 20 years by the relevant government agency.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss when the asset is derecognised.

(q) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of GST or value added tax payable to the taxation authorities. Sales revenue represents sales of products or services. Sales of products are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Service revenue is recognised when the fees in respect of services rendered are earned, usually when services have been provided to customers.

Interest income is recognised on a time proportion basis using the effective interest method.

(r) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Note 1: Summary of significant accounting policies (contd)

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable income will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in associates and are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and that they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the consolidated statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(s) Cash and cash equivalents

For statement of cash flow purposes, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

(t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. If the Company re-acquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Board of DTI which assesses the financial performance and position of the group, and makes strategic decisions.

(v) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year,

adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) New accounting standards and Australian accounting interpretations

New and amended accounting standards adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting;
- Interpretation 21 Accounting for Levies; and
- AASB 2014-1 Amendments to Australian Accounting Standards.

The adoption of AASB 2013-3 had a small impact on the impairment disclosures and AASB 2014-1 has required additional disclosures in our segment note. No cash generating units have been aggregated. Other than that, the adoption of these standards did not have any impact on the current period or any prior period.

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not yet been applied in the financial report. The Group's assessment of the impact of these new standards and interpretations is set out below.

Note 1: Summary of significant accounting policies (contd)

AASB Amendment	Affected Standard(s)	Nature of Change to Accounting Policy	Impact	Application Date of Standard	Application Date for Group (Year ended)
AASB 9	Financial Instruments	Changes to classification and measurement requirements of financial instruments and hedge accounting	While the group has yet to undertake a detailed assessment of the changes, no significant impact is anticipated.	1 Jan 18	30 June 19
AASB 15	Revenue from contracts with customers	New standard for the recognition of revenue based on the principle that revenue is recognised when control of a good or service transfers to a customer	Management is currently assessing the impact of the new rules. At this stage, the group is not able to estimate the impact of the new rules on the group's financial statements. The group will make more detailed assessments of the impact over the next 12 months.	1 Jan 18	30 June 19
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation	Clarifies that revenue-based methods for calculating depreciation and amortisation are usually not appropriate	Management is currently assessing the impact. It is likely that the basis for amortisation of certain of the intangibles will be changed from the current units sold to number of years of useful life.	1 Jan 16	30 June 17

(x) Significant accounting estimates and judgements

Revenue recognition

In accordance with the accounting policy detailed in Note 1(q), the Company recognises revenue at the fair value of the consideration received (net of the amount of GST payable) when the significant risks and reward of ownership of the goods have passed to the buyer at the time of the delivery of goods to the customer, or when services rendered are provided to customers. At 30 June 2015 management has determined that the profits on the contracts have been recognised in the correct reporting period and that there are no future losses on any contracts that should be recognised at 30 June 2015.

Inventory obsolescence

Inventories are accounted for in accordance with the accounting policy detailed in Note 1(m). Where the net realisable value of inventory is lower than its cost the Company recognises a provision for inventory obsolescence. At 30 June 2015 management has determined that a provision for inventory obsolescence of \$80,643 (2014: \$64,704) is still required for inventory where net realisable value is lower than its cost.

Development costs capitalised

Development costs have been capitalised in accordance with the accounting policy detailed in Note 1(p). At 30 June 2015 management has assessed that all of the net capitalised development expenditure carried forward at year end, of \$2,364,504 (2014: \$1,934,955), comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads.

Amortisation of intangible assets

Intangible assets are amortised over their useful life. Amortisation commences when the asset is available for use. Amortisation reflects the pattern in which the assets future economic benefits are expected to be consumed by the entity and accordingly is calculated in accordance with the unit method incorporating sales made relating to the assets. This requires estimates of future sales to determine useful lives of the assets.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using the Black-Scholes option pricing model.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The recoverable amounts of assets are calculated using a number of assumptions as disclosed in Note 1(e). DTI Group Ltd has recognised an impairment expense of \$0.585 million in respect of its loans to its subsidiaries Virtual Observer Pty Ltd and DTI EMEA Ltd, as the loans are greater than the net assets of the subsidiaries. This impairment is eliminated in the consolidated accounts of the Group.

Note 2: Financial risk management

The Group's principal financial instruments are cash, trade and other receivables, trade and other payables, and borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade payables, which arise directly from its operations. The Group does not enter into derivative transactions. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks.

The following table details the Group's exposure to interest rate risk as at 30 June 2015. The amounts disclosed in the table are the contractual undiscounted cash flows. The payables cash flows equal their carrying balances as the impact of discounting is not significant.

	Maturing			Total Contractual Cash Flows \$	Total Carrying Value \$	Weighted Average Active Interest Rate %
	1 Year or Less \$	Over 1 to 2 Years \$	Over 2 Years \$			
30 June 2015						
Financial Liabilities						
Fixed rate						
Other borrowings	12,846	12,846	40,055	73,430	65,746	6.5%
Non-interest bearing						
Payables	3,214,436	–	–	3,214,436	3,214,436	–
	3,227,282	12,846	40,055	3,287,866	3,280,182	

Note 2: Financial risk management (contd)

	Maturing			Total Contractual Cash Flows \$	Total Carrying Value \$	Weighted Average Active Interest Rate %
	1 Year or Less \$	Over 1 to 2 Years \$	Over 2 Years \$			
30 June 2014						
Financial Liabilities						
Fixed rate						
Other borrowings	19,533	19,533	62,698	101,764	78,732	6.5%
Non-interest bearing						
Payables	2,481,732	-	-	2,481,732	2,481,732	-
	2,501,265	19,533	62,698	2,583,496	2,560,464	

Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

Credit Risk Exposure

The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as disclosed in the statement of financial position. There are no historical default rates in respect of receivables. Cash balances and term deposits are held with financial institutions of minimum AA ratings.

Foreign Exchange Risk

The Company has transactions in currencies other than Australian Dollars which carry receivables and payables in the respective currency. These financial instruments are not hedged.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 June 2015			30 June 2014			
	USD \$	EUR \$	GBP \$	USD \$	EUR \$	GBP \$	SEK \$
Cash	689,441	59,683	116,053	497,397	-	104,545	
Trade and other debtors	2,686,687	396,155	291,694	1,295,310	14,928	1,628,748	
Trade payables	(2,258,193)	(6,668)	(1,625,594)	(1,200,615)	(39,478)	(1,339,125)	(9,584)
Average exchange rates	0.77	0.70	0.49	0.94	0.69	0.55	0.16

Interest Rate Risk

The Company's loan and lease arrangements are subject to fixed interest rates and therefore would not have been impacted by any increase/decrease in interest rates during the current year.

Profit is sensitive to higher/lower interest income from cash and cash equivalents and term deposits as a result of changes in interest rates. At year end the Company's term deposits were earning interest at 3.14% and the Company's bank account was earning interest of 0.8%.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient liquidity to meet its liabilities when due. As at 30 June 2015 and the date of this report, the Group has sufficient liquid assets to meet its financial obligations.

Sensitivity Analysis

Interest Rate Risk

The Company's loan and lease arrangements are subject to fixed interest rates and therefore would not have been impacted by any increase/decrease in interest rates during the current year. Accordingly, an increase in interest rates would not have impacted the Company's interest expense.

Movements in interest rates on the Company's bank accounts and term deposits would not have a significant impact on the Company's result for the year.

Foreign Exchange Rate Risk

Foreign currency balances held in British Pounds relate to DTI EMEA Ltd. Any movements in the British Pound exchange rate would not impact on profit for the year as any translation differences are taken to the foreign currency translation reserve.

Based on the financial instruments held at 30 June 2015, had the Australian dollar weakened by 5% against the US Dollar, Euro and Swedish Krone, with all other variables held constant, the Group's pre-tax profit for the year would have been \$34,251 (2014: \$27,898) lower. If the Australian dollar had strengthened the corresponding impact would be an increase in pre-tax profit by the same amount.

Price Risk

Investments held are not listed or traded in active markets and therefore no price risk arises.

Capital management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company does not have any externally imposed capital requirements.

Note 3: Revenue and expenses

	2015 \$	2014 \$
(a) Revenue		
Revenue from sale of goods	12,145,455	17,686,265
Revenue from the rendering of services	2,560,442	2,111,807
	<u>14,705,897</u>	<u>19,798,072</u>
(b) Other Income		
Research and development grant	991,861	787,965
Net foreign exchange gains	295,351	137,651
Interest received	51,038	87,658
Other	–	877
	<u>1,338,250</u>	<u>1,014,151</u>
(c) Material cost of sales		
Material cost of sales	6,999,366	9,894,559
(d) Finance costs		
Interest:		
Non-related entities	156	116
Finance lease charges	4,736	4,146
	<u>4,892</u>	<u>4,262</u>
(e) Operating lease payments		
Minimum lease payments	144,291	141,302
(f) Defined contribution superannuation expense		
Superannuation	462,197	409,562
(g) Share based payment expense		
Employee share based payment expense	–	35,000
(h) Impairment losses – financial assets		
Trade receivables	–	14,970
(i) Impairment losses – non-financial assets		
Provision for inventory write-off	15,939	5,052

Note 4: Income tax

	2015 \$	2014 \$
(a) Income tax expense / (benefits)		
Current tax expense	348,510	637,718
Deferred tax	254,153	418,399
Adjustments for current tax of prior periods	(25,669)	20,534
	576,994	1,076,651
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit / (loss) before income tax expense	690,511	2,192,626
Prima facie tax payable / (benefit) on profit / (loss) at 30% (2014: 30%)	207,153	657,788
Tax effect of:		
Director and employee option expense	–	10,500
Research and development tax incentive	356,960	288,921
Other	(13,417)	87,581
Effect of lower statutory income tax rate in the UK and USA	(43,136)	11,102
Adjustments for current tax of prior periods	–	20,534
Deferred taxes not brought to account	69,434	225
Income tax expense / (benefit)	576,994	1,076,651
(c) Deferred income tax balances recognised in the accounts:		
Deferred tax liabilities		
Work in progress	(695,899)	(322,031)
IP Capitalised	(98,111)	–
Unrealised foreign exchange gain	(48,307)	–
Property, plant and equipment	–	(227,338)
Other	(6,974)	–
Set off of deferred tax liabilities	468,986	345,559
Net recognised deferred tax liability	(380,305)	(203,810)
Deferred tax assets		
Annual leave provision	150,298	119,581
Property, plant and equipment	35,951	–
Long service leave provision	21,082	14,552
Accrued audit fees and other creditors	23,475	7,864
Superannuation provision	228	30,090
Investments	79,916	79,916
Patents	10,503	–
Capital raising fees	121,044	73,343
Provision for diminution in trading stock	24,193	19,411
Provision for doubtful debts	2,296	6,786
Tax losses carried forward	–	–
Set off of deferred tax liabilities	(468,986)	(345,559)
Deferred tax asset not brought to account as realisation is not probable	–	(5,984)
Net recognised deferred tax assets	–	–

Note 4: Income tax (contd)

Net deferred tax assets will be brought to account when it is probable that immediate sufficient tax profits will be available against which temporary differences and tax losses can be utilised.

Franking credits available for subsequent financial years based on a tax rate of 30% are \$82,768 (2014: \$82,768).

Note 5: Segment information

Description of Segments

The Board of DTI examines the group's performance from a geographic perspective and has identified three reportable segments of its business, as set out in the table below. Revenue is allocated to a segment based on the location of the customer.

Segment Results and Other Segment Disclosures

	Australasia \$	EMEA \$	Americas \$	Total \$
2015				
Total segment revenue	7,883,743	4,209,951	3,914,537	16,008,231
Inter-segment revenue	–	1,279,831	22,503	1,302,334
Revenue from external customers	7,883,743	2,930,120	3,892,034	14,705,897
EBITDA	2,037,428	(767,324)	259,093	1,529,197
Material items of income or expense				
R&D grant income	991,861	–	–	991,861
Cost of sales – materials	2,922,635	1,790,623	2,286,108	6,999,366
Employee expenses and overheads	4,210,891	1,906,821	1,346,834	7,464,546
Material non-cash items other than depreciation and amortisation included in EBITDA	–	–	–	–
Non-current assets	3,061,909	559,747	–	3,621,656
2014				
Total segment revenue	9,461,402	2,917,512	8,820,051	21,198,965
Inter-segment revenue	–	1,400,893	–	1,400,892
Revenue from external customers	9,461,402	1,516,619	8,820,051	19,798,072
EBITDA	2,241,106	(921,323)	1,756,278	3,076,060
Material items of income or expense				
R&D grant income	787,448	–	–	787,448
Cost of sales – materials	4,256,124	1,221,357	4,417,078	9,894,559
Employee expenses and overheads	3,601,265	1,216,586	2,646,695	7,464,546
Material non-cash items other than depreciation and amortisation included in EBITDA	–	–	–	–
Non-current assets	–	459,479	–	3,158,839

Revenues of approximately \$2,894,369 (2014: \$4,539,165) are derived from a single external customer. These revenues are attributed to the Americas segment.

Reconciliation of EBITDA to profit before income tax is as follows:

	2015 \$	2014 \$
EBITDA	1,529,197	3,076,060
Interest revenue	51,038	87,658
Finance costs	(4,892)	(4,262)
Depreciation and amortisation	(884,832)	(966,829)
Profit / (loss) before income tax from continuing operations	690,511	2,192,626
Note 6: Auditor's remuneration		
BDO Audit (WA) Pty Ltd		
Remuneration of the auditors of the entities for:		
Auditing or reviewing the current year financial report	53,768	29,960
Auditing or reviewing the prior year financial report – under accrual	9,259	3,143
	63,027	33,103
BDO LLP		
Remuneration of the auditors of the entities for:		
Auditing or reviewing the current year's financial report	16,122	16,412
Auditing or reviewing the prior year's financial report	2,277	–
	18,399	16,412
Non-audit services performed by BDO during the year comprise:		
Investigating Accountant's Report and review work for proposed initial public offer and ASX listing	11,720	24,613
Note 7: Other financial assets		
Term deposits (Note 22)	400,063	400,063
Note 8: Trade and other receivables		
Current		
Trade receivables	5,452,900	5,325,066
Accrued debtors	124,977	109,975
Net R&D grant/income tax receivable	732,098	149,730
Customer retentions	–	162,208
	6,309,975	5,746,979
Non-Current		
Accrued debtors	531,032	452,232

Note 8: Trade and other receivables (contd)

(a) Impaired trade receivables

At 30 June 2015 current trade receivables of the Group with a nominal value of \$7,651 (2014: \$22,621) were impaired.

It was assessed that no portion of these receivables is expected to be recovered and the full amount has been provided for.

	2015 \$	2014 \$
Movements in the provision for impairment of receivables are as follows:		
At July 1	22,621	7,651
Provision for impairment recognised during the year	–	14,970
Receivables written off during the year as uncollectable	(14,970)	–
	7,651	22,621

The creation and release of the provision for impaired receivables has been included in 'other expenses' in the statement of profit or loss and other comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

At 30 June 2015 trade receivables of \$2,207,599 (2014: \$2,293,521) were past due, but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 \$	2014 \$
Up to 3 months	1,530,082	1,598,319
3 to 6 months	360,091	695,072
Over 6 months	317,426	130
	2,207,599	2,293,521

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

(c) Foreign exchange and interest rate risk

Information on the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 2.

(d) Fair value and credit risk

Due to the short-term nature of current receivables, their carrying amount is assumed to approximate their fair value.

The accrued debtor amount relates to a sale to a customer of equipment which is being paid off in instalments. The loan is being repaid over a ten year period to June 2021 and is interest free. The fair value of \$655,999 has been calculated based on cash flows discounted using a rate of 10%. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

(e) Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2015 Consolidated				
Assets				
Accrued debtor	–	–	655,999	655,999
Total assets	–	–	655,999	655,999
2014 Consolidated				
Assets				
Accrued debtor	–	–	585,484	585,484
Total assets	–	–	585,484	585,484

There were no transfers between levels during the financial years.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

The accrued debtor amount relates to a sale to a customer of equipment which is being paid off in instalments. The loan is being repaid over a ten-year period to June 2021 and is interest-free. The fair value of \$655,999 has been calculated based on cash flows discounted using a rate of 10%. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables set out above.

The Level 3 assets unobservable inputs and sensitivity are as follows:

Description	Unobservable Inputs	Range (Weighted Average)	Sensitivity
Accrued debtor	Discount rate	10.0% to 11.0%	1.00% change would increase/decrease fair value by \$65,600

Note 9: Inventories

	2015 \$	2014 \$
Raw materials / unassembled stock	3,214,953	2,007,886
Finished goods	1,477,776	600,758
Provision for inventory obsolescence (Note (a))	(80,643)	(64,704)
	4,612,086	2,543,904
<p>(a) A provision for inventory obsolescence was established in a previous year. It was re-assessed and adjusted this financial year and is included in the raw materials and consumables used number in the statement of profit or loss and other comprehensive income. The movement in the provision is comprised as follows:</p>		
At July 1	(64,704)	(59,652)
Provision for inventory obsolescence (recognised) / written back during the year	(15,939)	(5,052)
	(80,643)	(64,704)

Note 10: Other current assets

	2015 \$	2014 \$
Deposits	2,083	11,507
Prepayments	128,557	79,137
	130,640	90,644

Prepayments are primarily comprised of insurance costs recognised over the period of the policy.

Note 11: Property, plant and equipment

	2015 \$	2014 \$
Buildings		
At cost	119,668	107,064
Less accumulated depreciation	(33,735)	(21,924)
	85,933	85,140
Workshop and R&D plant and equipment		
At cost	592,219	535,002
Less accumulated depreciation	(430,384)	(318,485)
	161,835	216,517
Office equipment and software		
At cost	960,278	837,185
Less accumulated depreciation	(736,008)	(617,779)
	224,270	219,406

	2015 \$	2014 \$
Motor Vehicles		
At cost	214,891	214,891
Less accumulated depreciation	(113,853)	(84,033)
	101,038	130,858
Total written down value	573,076	651,921
Movements in carrying amounts		
Buildings		
Balance at the beginning of the year	85,140	95,846
Additions	12,604	–
Depreciation expense	(11,811)	(10,706)
Carrying amount at the end of the year	85,933	85,140
Workshop and R&D plant and equipment		
Balance at the beginning of the year	216,517	260,940
Additions	57,217	59,664
Depreciation expense	(111,899)	(104,087)
Carrying amount at the end of the year	161,835	216,517
Office equipment and software		
Balance at the beginning of the year	219,406	185,536
Additions	109,757	124,022
Depreciation expense	(104,702)	(90,474)
Foreign currency translation	(191)	322
Carrying amount at the end of the year	224,270	219,406
Motor vehicles		
Balance at the beginning of the year	130,858	89,540
Additions	–	71,974
Depreciation expense	(29,820)	(30,656)
Carrying amount at the end of the year	101,038	130,858

Note 12: Intangible assets

	Development costs \$	Goodwill \$	Patents \$	Total \$
At 30 June 2014				
Cost (gross carrying amount)	4,212,780	2,432	144,887	4,360,099
Accumulated amortisation	(2,277,825)	–	(27,588)	(2,305,413)
Net carrying amount	1,934,955	2,432	117,299	2,054,686
Movements in carrying amounts				
Balance at 1 July 2013	2,771,692	2,432	85,504	2,859,628
Additions	–	–	43,394	43,394
Transferred to expense	(117,430)	–	–	(117,430)
Amortisation expense	(719,307)	–	(11,599)	(730,906)
Carrying amount at 30 June 2014	1,934,955	2,432	117,299	2,054,686
At 30 June 2015				
Cost (gross carrying amount)	5,251,356	2,432	195,707	5,449,495
Accumulated amortisation	(2,886,852)	–	(45,095)	2,931,947
Net carrying amount	2,364,504	2,432	150,612	2,517,548
Movements in carrying amounts				
Balance at 1 July 2014	1,934,955	2,432	117,299	2,054,686
Additions	1,038,576	–	50,820	1,089,396
Transferred to expense	–	–	–	–
Amortisation expense	(609,027)	–	(17,507)	(626,534)
Carrying amount at 30 June 2015	2,364,504	2,432	150,612	2,517,548

Description of the Group's intangible assets

(a) Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The intangible assets of \$327,038 in existence as at 30 June 2012 have been assessed as having a finite life and are amortised using the straight line method over a period of four years. Intangible assets arising from 1 July 2012 of \$638,862 are amortised in proportion to the sales of the commercial units they relate to, as this is deemed to be a more accurate and reasonable basis. The remaining amount of development costs not ready for use of \$1,353,604 has been subject to impairment testing. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount. No impairment was needed for 2015 and 2014.

(b) Goodwill

Goodwill has been externally acquired and is carried at cost less accumulated impairment losses. The goodwill arose on the acquisition of the remaining 50.5% of Virtual Observer Pty Ltd on 28 June 2012 and represents the difference between the purchase price and the net liabilities.

(c) Patents

Patents have been externally acquired and are carried at cost less accumulated impairment losses. This intangible asset has been assessed as having a useful life and is amortised using the straight line method over a period of 10 years. The patents have been granted for between fifteen and twenty years by the relevant government agency. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

(d) Impairment

The recoverable amount of intangible assets has been determined using the value in use method. Value in use has been derived from calculating the discounted net cash flows expected to be derived from the asset. The cash flow for 2016 has been based on the actual 2015 results, which is reasonable with a conservative approach used for budgeting by management. The cash flows for the years 2017 to 2020 have been based on extrapolating 2015 by using the inflation/growth rate (2%) from the RBA. Cash flows have been estimated over five years, as beyond five years would be difficult to support and justify. The cash flows have excluded cash flow from financing activity (interest) and non-cash items (depreciation).

A discount factor of 15% has been used.

Note 13: Deferred tax assets

	2015 \$	2014 \$
Deferred Tax Asset		
Deferred tax assets to be recovered within 12 months	–	–

Note 14: Trade and other payables

	2015 \$	2014 \$
Trade payables	2,881,343	1,658,959
Other payables	203,440	285,102
ATO and HMRC (including PAYG)	79,260	392,460
Provision for annual leave	505,735	400,581
Superannuation liability	759	100,301
FBT liability	8,456	7,267
Payroll tax liability	41,178	37,643
	<u>3,720,171</u>	<u>2,882,313</u>

Risk exposure

Information about the Group's exposure to foreign exchange is provided in Note 2.

Note 15: Borrowings (current)

	2015 \$	2014 \$
Secured:		
Loan – Capital Finance Australia Ltd (Finance Lease Note 21(a))	22,904	17,757
Less: Unexpired Interest	(3,862)	(4,736)
Net carrying amount - Capital Finance Australia Ltd loan	19,042	13,021
Total current borrowings	19,042	13,021

- (a) Further information on loans to related parties is set out in Note 26.
 (b) The loans were based on normal commercial terms and conditions.
 (c) Refer to Note 2 for risk exposures and risk management details.

Note 16: Borrowings (non-current)

	2015 \$	2014 \$
Secured:		
Loan – Capital Finance Australia Ltd (Finance Lease Note 21(a))	51,851	74,720
Less: Unexpired Interest	(5,147)	(9,009)
Net carrying amount – Capital Finance Australia Ltd loan	46,704	65,711
Total non-current borrowings	46,704	65,711

- (a) Refer to Note 2 for risk exposures and risk management details.

Note 17: Provisions

	2015 \$	2014 \$
Current		
Warranty provision	–	–
The movement in the warranty provision is comprised as follows:		
At July 1	–	97,315
Provision for warranty recognised/(written back) during the year	–	(97,315)
	–	–
Non-current		
Employee entitlements – long service leave	70,273	48,508

Note 18: Contributed Equity

	2015 No.	2015 \$	2014 No.	2014 \$
(a) Ordinary shares				
Balance at the beginning of financial year	76,451,011	9,274,384	10,904,073	9,239,384
Issued under IPO	6,680,000	2,004,000	–	–
Shares issued on option conversion	8,496,107	2,735,746	–	–
Shares issued to Director as remuneration	–	–	17,500	35,000
7 for 1 share split completed 10 June 2014	–	–	65,529,438	–
Capital raising costs	–	(290,156)	–	–
Balance at the end of the financial year	91,627,118	13,723,974	76,451,011	9,274,384

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

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Options

The following options to issue ordinary shares which were on issue as at 30 June 2014 (post 7 for 1 share split) were exercised during 2015 or expired on 30 June 2015. No options were on issue as at 30 June 2015.

Number of Options	Grant Date	Expiry Date	Exercise Price
12,370,806	30 June 2011	30 June 2015	\$0.322

See Note 20 for details on share-based payments.

Note 19: Reserves and accumulated losses

	2015 \$	2014 \$
(a) Reserves		
Option reserves	–	1,156,957
Foreign currency translation reserve	78,637	(18,361)
	78,637	1,138,596
Option reserves		
Balance 1 July	1,156,957	1,156,957
Transfer to retained income	(1,156,957)	–
Balance 30 June	–	1,156,957
The share option reserve records items recognised as expenses on valuation of employee share options and items recognised as expenses on fair valuation of options issued for cash consideration or that are free attaching. All options were either exercised or lapsed on 30 June 2015 and the balance of the Option Reserves transferred to Retained Income.		
Foreign currency translation reserve		
Balance 1 July	(18,361)	–
Currency translation differences – current year	(60,276)	(18,361)
Balance 30 June	(78,637)	(18,361)

Note 19: Reserves and accumulated losses (contd)

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

	2015 \$	2014 \$
(b) Retained profits / accumulated losses ⁰		
Movements in accumulated losses were as follows:		
Balance 1 July	(238,057)	(1,354,032)
Net profit for the year	113,517	1,115,975
Transfer from Option Reserves	1,156,957	–
Balance 30 June	1,032,417	(238,057)

Note 20: Share-based payments

No share based payments were made during the year ended 30 June 2015.

The following share-based payment arrangements existed at 30 June 2014:

On 30 November 2013, 17,500 shares were issued to a Director as part of his remuneration. The expense has been measured based on the fair value of the shares issued, which has been determined to be \$2 each at the time. Accordingly an expense of \$35,000 has been recorded. The fair value was determined with reference to the price of recent share issues.

As at 30 June 2014 there were 12,370,806 unlisted options over ordinary shares issued pursuant to a subscription agreement with Finico Pty Ltd. The options have a four year term and are exercisable at \$0.322 on or before 30 June 2015.

The following table contains the number (“No.”), weighted average exercise prices (WAEP) of and movements in share options issued during the year:

	2015 No.	WAEP \$	2014 No.	WAEP \$
Outstanding at the beginning of the year	12,370,806	0.322	1,767,258	2.250
Effect of 7 for 1 share split	–	–	10,603,548	(1.928)
Granted during the year	–	–	–	–
Expired during the year	(3,874,699)	0.322	–	–
Exercised during the year	(8,496,107)	0.322	–	–
Outstanding at the end of the year	–	–	12,370,806	0.322
Exercisable at the end of the year	–	–	12,370,806	0.322

Note 21: Capital and leasing commitments

(a) Finance lease commitments

The Company signed two motor vehicle leases commencing in April 2013 and three motor vehicle leases commencing in November 2013. The leases are 5 year finance leases with lease payments paid monthly in advance. There are no terms of renewal, purchase options or escalation clauses in respect of the leases.

	2015 \$	2014 \$
<i>Minimum finance lease payable:</i>		
Not later than 1 year	17,757	17,757
Later than 1 year but not later than 5 years	56,998	74,720
Minimum lease payments	74,755	92,477
Future finance charges	(9,009)	(13,745)
Present value of minimum lease payments	65,746	78,732

(b) Operating lease commitments

The Company signed an operating lease in June 2012 for the land on which the office and workshop facilities are situated with a lease term of 5 years, with the option to extend for a further 5 years. The Company does not have the option to purchase the leased asset at the expiry of the lease.

The Company signed an operating lease in June 2012 for computer equipment with a lease term of 3 years. The Company does not have the option to purchase the leased asset at the expiry of the lease.

The Company signed an operating lease in November 2013 for the lease, commencing 1 January 2014, of office space for DTI EMEA Ltd in the UK with a lease term of 5 years. The Company does not have the option to purchase the leased asset at the expiry of the lease.

Non-cancellable operating lease payable:

Not later than 1 year	123,231	154,156
Later than 1 year but not later than 5 years	138,829	294,688
	262,060	448,844

Note 22: Contingent liabilities

	2015 \$	2014 \$
Bank guarantees for unconditional undertaking of contracts	400,063	400,063

The Company has given bank guarantees relating to performance requirements of contracts. These are secured by term deposits.

Under the contract for the lease of land on which the office and workshop facilities are situated, the Company may at some future point (at the option of the Lessor) be required to "make good" the land and remove the building and any improvements thereon. The Lessor is required to give four years notice of any such requirement. A bank guarantee in relation to this contract of \$107,800 is included in the amounts above.

Note 23: Events occurring after the reporting period

No matters or circumstance have arisen that have significantly affected, or may significantly affect, the operations of DTI Group Ltd, the results of those operations or the state of affairs of DTI Group Ltd in subsequent years that is not otherwise disclosed in this report.

Note 24: Notes to the cash flow statement

(a) Reconciliation of Cash

For the purpose of the cash flow statement, cash includes cash on hand and in banks and short term deposits with banks. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	2015 \$	2014 \$
Australian Dollar bank accounts	2,974,102	845,329
British Sterling bank account	116,053	104,545
US Dollar bank account	689,441	497,397
Euro bank account	59,683	–
Petty cash	550	550
	<u>3,839,829</u>	<u>1,447,821</u>
(b) Reconciliation of profit / (loss) after income tax to the net cash used in operating activities		
Operating profit	113,517	1,115,975
Non-cash items:		
Depreciation and amortisation	884,832	966,829
Employee share option expense	–	35,000
Grant income	(991,861)	(787,965)
Exchange differences on foreign operations	(187,598)	405,609
Change in operating assets and liabilities		
(Increase) / decrease in trade and other receivables	355,700	(785,082)
(Increase) / decrease in inventories	(2,068,146)	(430,227)
(Increase) / decrease in other assets	(39,996)	–
Increase / (decrease) in trade and other payables	837,858	(22,662)
(Increase) / decrease in financial asset	–	438,933
Increase / (decrease) in provision	21,765	(95,178)
Increase / (decrease) in deferred tax	176,495	–
Net inflow / (outflow) from operating activities	<u>(897,434)</u>	<u>841,232</u>

Non-cash financing and investing activities

Shares were issued to employees on the conversion of options under the DTI Employee Option Plan (refer Note 20: Share-based payments).

Note 25: Earnings per share

	2015 Cents per Share	2014 Cents per Share
Earnings per Share		
Basic earnings per share (cents per share)	0.14	1.46
Diluted earnings per share (cents per share)	0.14	1.46
	2015 \$	2014 \$
Reconciliation of earnings used in calculating earnings per share		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net earnings used in calculating basic and diluted earnings per share	113,517	1,115,975
	2015 Number of Shares	2014 Number of Shares
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used in calculating basic earnings per share, adjusted to reflect the 7 for 1 share split completed 10 June 2014	80,674,582	76,399,997
Effect of dilutive securities	230,043	–
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	80,904,625	76,399,997

Note: There are no Options or other potential ordinary shares outstanding at 30 June 2015.

Note 26: Related party transactions

Key management personnel

	2015 \$	2014 \$
Compensation by category: key management personnel		
Short-term benefits	915,738	776,040
Post-employment benefits	68,804	64,157
Share based payments	–	35,000
	984,542	875,197

Computershare Investor Services Pty Limited provides share registry service to DTI. Chris Morris (Non-Executive Chairman of DTI) is also the Non-Executive Chairman of Computershare Limited. DTI paid Computershare Investor Services Pty Limited \$12,798 during the current year (2014: n/a)

Detailed remuneration disclosures are provided in the remuneration report on pages 10 to 16.

Note 26: Related party transactions (contd)

Subsidiaries

DTI Group Ltd holds 100% (2014: 100%) of the shares in Virtual Observer Pty Ltd. A loan was created during the current and prior years when payments were made by DTI Group Ltd on behalf of Virtual Observer Pty Ltd. At reporting date 2015 this loan balance was \$110,073 (2014: \$94,229).

DTI Group Ltd holds 100% of the shares in DTI EMEA Ltd. A loan was created during the current and previous years when payments were made by DTI Group Ltd to DTI EMEA Ltd. At reporting date 2015 this loan balance was \$1,034,852 (2014: \$789,409). In addition, sales were made during the year by DTI Group Ltd to DTI EMEA Ltd and at reporting date the debtor balance was \$2,022,520 (2014: \$1,311,714).

During the previous year, DTI Group Ltd incorporated DTI SaleCo Pty Ltd in which it holds 100% (2014: 100%) of the shares. DTI SaleCo Pty Ltd's name was changed to DTI Capital Pty Ltd during the current year. A loan was created during the current year and prior years when payments were made by DTI Group Ltd on behalf of DTI Capital Pty Ltd. At reporting date 2015 this loan balance was \$1,119 (2014: \$748).

During the year, DTI Group Ltd incorporated DTI USA Holdings Inc. (USA entity) in which it holds 100% of the shares. A loan was created during the current year when payments were made by DTI Group Ltd on behalf of DTI USA Holdings Inc. At reporting date 2015 this loan balance was \$4,999 (2014: n/a).

During the year, DTI USA Holdings Inc. incorporated DTI USA Inc. (USA entity) in which it holds 100% of the shares. A loan was created during the current year when payments were made by DTI Group Ltd on behalf of DTI USA Inc. At reporting date 2015 this loan balance was \$12,544 (2014: n/a). In addition, sales were made during the year by DTI Group Ltd to DTI USA Inc. and at reporting date the debtor balance was \$22,503 (2014: n/a).

No interest is charged on the loans with subsidiaries and there are no fixed repayment terms for the loans.

Note 27: Parent entity financial information: DTI Group Ltd

The individual financial statements for the parent entity show the following amounts:

	2015 \$	2014 \$
Statement of Financial Position		
Current assets	16,476,951	10,523,138
Total assets	19,107,562	13,158,005
Current liabilities	(3,979,230)	(2,728,508)
Total liabilities	(4,429,808)	(2,983,082)
Shareholders' equity:		
Issued capital	14,014,131	9,274,384
Reserves	(290,157)	–
Share option reserve	–	1,156,957
Retained Income / (accumulated losses)	953,780	(256,418)
	14,677,754	10,174,923
Profit /(loss) for the year	(323,922)	1,097,614
Total comprehensive income /(loss)	(323,922)	1,097,614
Contingent liabilities		

Refer to Note 22 for details of contingent liabilities.

Note 28: Company information

DTI Group Ltd is a listed public company (ASX: DTI), incorporated and operating in Australia.

Registered office and principal place of business

31 Affleck Road
Perth Airport, WA, 6105
Tel: (08) 9479 1195
Internet: www.dti.com.au

Directors' declaration

In the opinion of the Directors of DTI Group Ltd ("Company"):

- 1 The financial statements and accompanying notes set out on pages 18– 51 are in accordance with the *Corporations Act 2001*, and:
 - (i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.
- 2 In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3 The Company has included in the notes to the financial statements an explicit and unreserved Statement of Compliance with International Financial Reporting Standards.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Richard Johnson
Director

28 August 2015, Perth, Australia

INDEPENDENT AUDITOR'S REPORT

To the members of DTI Group Ltd

Report on the Financial Report

We have audited the accompanying financial report of DTI Group Ltd, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 DTI Group Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of DTI Group Ltd is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of DTI Group Ltd for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 28 August 2015

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF DTI GROUP LTD

As lead auditor of DTI Group Ltd for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DTI Group Ltd and the entities it controlled during the period.



Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 28 August 2015

Shareholder Information

The shareholder information set out below was applicable at 19 August 2015.

Distribution of Equity Securities

Size of Holding	Number of Shareholders	Percentage of Shareholding
1 – 1,000	2	0.00
1,001 – 5,000	149	0.46
5,001 – 10,000	170	1.49
10,001 – 100,000	201	6.89
100,001 and over	51	91.16
Total	573	100.00

There were 15 holders of less than a marketable parcel of ordinary shares.

Twenty Largest Registered Shareholders

Name	Number of Shares	Percentage of Issued Shares
Utilico Investments Limited	12,250,000	13.37
Finico Pty Limited	17,348,144	18.93
Legrande Investments Pty Ltd	5,212,185	5.69
Bluekara Pty Ltd <Goodey Family A/C>	4,525,570	4.94
Pendulum Investments Pty Ltd	3,648,869	3.98
Fineshore Pty Ltd <Tufilli Family Trust>	3,403,650	3.71
Mr Nino Tufilli	2,479,264	2.71
Bernville Pty Ltd	2,126,250	2.32
Super Rab Pty Ltd <R A Black Pers S/F Rab A/C>	2,126,250	2.32
LTC Management Pty Ltd <LTC Superannuation Fund>	2,007,642	2.19
Mr Glyn Denison <Glyn Denison Family A/C>	1,955,660	2.13
Mr Neil Edward Goodey	1,928,318	2.10
Wood Street Pty Ltd	1,785,227	1.95
The Stephens Group Pty Ltd	1,662,500	1.81
Lacydee Investments Pty Ltd	1,415,767	1.55
Foxmore Holdings Pty Ltd	1,333,332	1.46
Mr Michael Beech + Mrs Robin Lynn Beech <M. R. Beech Super Fund>	1,260,000	1.38
Dalcrest Investment Pty Ltd	1,191,664	1.30
Zanea Pty Ltd	1,106,000	1.21
Cleary Nominees Pty Ltd	1,102,796	1.20
Total	69,869,088	76.25

Substantial Shareholders

Name	Number of Ordinary Shares in the Substantial Shareholding
Chris Morris	18,048,144
Utilico Investments Limited	12,468,750
Neil Goodey	6,575,198
LeGrande Investments Pty Ltd	6,403,829
Nino Tuffilli	5,882,914

Voting Rights

Subject to any special rights or restrictions attached to any class or classes of shares in the Company, at a general meeting every holder of shares present in person or by proxy, body corporate representative or attorney has one vote on a show of hands and one vote for each Share held on a poll.

Votes are cast by a show of hands unless a poll is demanded. The chairperson of the meeting or least five Shareholders entitled to vote on the resolution or shareholders with at least 5% of the votes that may be cast on the resolution may demand a poll.

Escrowed Shares

The number of shares subject to voluntary escrow is 70,917,925. Following the release of this Annual Report, the holding lock on the escrowed shares will be lifted; thereby, ending the voluntary escrow period.

On-market Buyback

The Company is not currently conducting an on-market buyback of its shares.