APPENDIX 4E AND FINANCIAL STATEMENTS

DTI Group Ltd
30 June 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

ASX announcement

29 August 2017

DTI FY17 Results

Summary and Highlights

- Revenue of $15.9 million (FY16: $16.2 million)
- EBITDA of $(3.0) million (FY16: $3.6 million)
- Underlying EBITDA of $0.5 million (FY16: $2.8 million)
- NPAT of $(5.8) million (FY16: $31,558)
- Revenue was adversely impacted by project delays however was in-line with market guidance
- EBITDA was adversely impacted by revenue lag, increased development and operational support associated with new products introduced during the year and a change in the manner in which Research & Development grant income is treated
- NPAT was adversely impacted by increased amortisation associated with increased spending on product development and a reduction in the expected useful lives of existing products. The reduced estimated useful life was in part caused by the new products introduced by DTI
- $11.5 million capital raising completed
- Successfully launched new digital recorder (MDR6), train data recorder (TDR6) and range of passenger information displays and passenger announcement systems
- Completed first five trainset deliveries for Sydney Metro project
- DTI records its largest ever contracted order book, in excess of $30 million (2016 : $13.5 million)

Financial Performance

DTI Group Ltd (DTI) today announced its results for the year ended 30 June 2017. DTI recorded an EBITDA loss of $3.0 million (FY16: $3.6 million) on revenue of $15.9 million (FY16: $16.2 million). The result was adversely impacted by delayed revenue resulting from project delays, higher development and support costs associated with launching new products and a change in the manner in which Research & Development (R&D) grant income is treated. Historically, R&D grant income has been treated as income, resulting in increased EBITDA. In FY17 DTI has adopted treatment whereby grant income receivable related to previously capitalised expenditure is first offset against that capitalised expenditure.

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Non-recurring costs of $1.8 million associated with impairment charges, establishment of a warranty provision, and marketing costs associated with establishing a new market contributed to the negative earnings result. In addition, DTI has adjusted underlying EBITDA by net research and development expense of $1.6 million (2016: $1.1 million income) to provide a comparable underlying EBITDA between FY17 and FY16.

DTI reported a full-year net loss after tax of $5.8 million for FY17 compared to a net profit after tax of $31,558 for the previous corresponding period.

The full year result reflects the impact of a transitional year for DTI on a number of fronts. During FY17 DTI has launched a range of new products including:

- MDR6 - its sixth generation digital recorder for bus and light rail vehicles;
- TDR6 - a digital recorder designed to comply with heavy rail operating conditions; and
- innovative new passenger information displays and associated equipment.

In addition the Company increased its presence in the rail sector, increasing its contracted order book in this sector from $10.1 million at the end of FY16 to $27 million at 30 June 2017. A combination of increased effort on product development and the increased engineering and support required to service the rail sector has resulted in a reduction in project margins.

DTI has continued to increase its contracted order book, develop new products and service new customers throughout the year.

DTI has negligible debt and cash at 30 June of $3.2 million. DTI recorded negative cash from operations of $3.6 million due to increased working capital associated with larger rail contracts, delays experienced in collection of receivables and a build-up in inventory to support contracted work.

DTI has been lost time injury ("LTI") free since 2015 and has a LTI frequency rate ("LTIFR") of zero.

Pipeline and Order Book

DTI currently enjoys a contracted order book in excess of $30 million which has consistently increased half-on-half since June 2015 and by over 80 per cent since 31 December 2016. During FY17 DTI has been successful in acquiring significant term contracts in the rail sector to complement its already strong position in the bus sector.

DTI has an identified Opportunity Pipeline in excess of $450 million which is expected to be awarded over the next four to five years. The rail sector contributes approximately 85 per cent of this pipeline with the balance in the bus and law enforcement sectors. Europe, Middle East and Africa (EMEA) are a strong geographic focus for the business with in excess of 60 per cent of the Opportunity Pipeline sourced in this region.

ASX announcement

FY18 Strategy focus

FY17 was a transitional year for DTI, launching a range of new products, incurring significant research and development expenditure and increasing its penetration into the rail sector. The significant investment in Research & Development ($7.1 million) and the working capital intensity ($3.0 million) associated with rail projects has consumed a large proportion of the recent capital raising. DTI intends to maximise its earnings potential in FY18 by pursuing the following strategic platform:

Grow revenue:	DTI has consistently grown its contracted order book over the past two years. DTI now has a number of multi-year contracts in place providing a sustainable revenue base and is well placed to grow revenue from an increasing number of short term opportunities
Stabilise Production Costs:	During FY17 DTI launched 19 new products including recorders, cameras and passenger information displays. The unit costs associated with initial delivery of these products was high relative to long-run production costs adversely impacting gross margin. With production design complete and DTI able to commit to production runs in economic order quantities, unit costs are expected to reduce.
Cost Down Products:	Following stabilisation of production costs, DTI engineers have initiated cost down engineering to reduce the component and manufacturing costs of its products. This process is estimated to reduce manufacturing costs by up to 25 per cent.
Operating costs	During the past 24 months DTI operating costs have increased as the company developed its new range of products. Since 30 June 2017 DTI has taken action to reduce operating costs by $1.3 million and expects to reduce its cost base by a further $1.0 million over the course of the year.

Outlook

DTI is operating in a growth market underwritten by strong public and private sector demand with increased opportunities arising from changes in technology and development of new products. DTI has a highly scalable business model capable of growing revenue by leveraging its core technology platform. DTI has converted opportunities in the sector into a growing contracted order book which positions the Company strongly for future revenue growth.

ASX announcement

Board and Management changes

During the year DTI enhanced its management team by creating an Executive Management Team and appointing a new Chief Executive Officer, Chief Financial Officer and General Manager of Operations. The Board is confident that this team has the skills and expertise to return the business to profitability.

Mr Chris Morris, DTI's inaugural Chairperson, has advised the Board of his decision to relinquish the role of Chairperson. Mr Neil Goodey, currently a Non-Executive Director, has agreed to assume the role of Chairperson of the Company. Mr Morris will continue as a member of the Board as a Non-Executive Director. The Board thanks Mr Morris for his considerable support and guidance over the past six years and congratulates Mr Goodey on his appointment.

For further information please contact Peter Tazewell, Chief Executive Officer on +61 8 9273 2905 or email peter.tazewell@dti.com.au

About DTI Group

DTI develops and provides world-leading surveillance and commuter communication systems technology and services to the mobile transit industry worldwide. Core technology development and system design activities are undertaken from the Company's head office in Perth, Australia.

Results for announcement to the market

Appendix 4E

Preliminary Final Report
Period Ended 30 June 2017

Name of entity

DTI Group Ltd

ABN or equivalent company reference

15 069 791 091

Period ended ('Current Period')

30 June 2017 Previous corresponding period: 30 June 2016

Extracts from this report for announcement to the market

				$000s
Revenues from ordinary activities	Down	2.2%	to	15,867.7
Profit/(loss) from ordinary activities after tax attributable to members	Down	n/a	to	(5,847.9)
Net profit/(loss) after tax for period attributable to members	Down	n/a	to	(5,847.9)
Dividends (distributions)	**Amount per security**		**Franked amount per security**	
Final dividend	nil		N/A	
Interim Dividend	nil		N/A	
Record date for determining entitlements to the dividend			N/A	
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Not applicable				

Commentary on Results

For commentary on the results of DTI Group Ltd refer to the announcement relating to the release of the DTI Group Ltd results in conjunction with the details and explanations provided herewith and in the accompanying financial statements for the year ended 30 June 2017.

Ratios and Other measures

NTA backing

	Current Period	Previous corresponding Period
Net tangible asset backing per ordinary security	$0.134	$0.124

Dividends

Date the dividend is payable	N/A
Record date to determine entitlements to the dividend	N/A

Amount per security

	Amount per security	Franked amount per security
Final Dividend:		
Current year	nil	nil
Previous year	nil	nil
Interim Dividend:		
Current year	nil	nil
Previous year	nil	nil

Total Dividends

	Amount per security	Total amount ($000s)
Total Dividend:		
Current year	nil	nil
Previous year	nil	nil

Control gained over entities having material effect

During the year ended 30 June 2017 there was no control gained over entities having material effect on the financial results or financial position of the Consolidated Entity.

Loss of control of entities having material effect

During the year ended 30 June 2017 there was no loss of control over entities having material effect on the financial results or financial position of the Consolidated Entity.

Audit Status

This report is based on financial statements that have been audited. There is no dispute or qualification of the financial statements. The Independent auditor's report is included in the 2017 Audited Annual Report.

Raj Surendran
Chief Financial Officer

29 August 2017
Perth, Western Australia

Annual Report 2017

D T I G R O U P L T D

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2017 Year End Report

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Directors' Report

The Directors present their report, together with the consolidated financial statements of the Group comprising of DTI Group Limited ("DTI" or "the Company") and its subsidiaries for the financial year ended 30 June 2017 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Chris Morris	*Non-Executive Chairperson*
Qualifications & Experience:	Chris Morris was appointed as Non-Executive Chairperson of DTI on 29 June 2011 and served in that role for six years. Mr Morris has worked across the global finance and securities industry for more than 30 years. He co-founded Computershare Limited 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. Mr Morris chairs the Remuneration and Nominations Committee.
Other Directorships:	Mr Morris is a Non-Executive Director of Computershare Limited and is the Non-Executive Chairperson of Smart Parking Limited.

Peter Tazewell	*Managing Director*
Qualifications & Experience:	Peter Tazewell was appointed to the role of Managing Director of DTI on 1 December 2016. Mr Tazewell is a qualified chartered accountant with over 30 years' of varied management, financial and corporate experience including finance, accounting, corporate strategy, purchase/supply and identification evaluation and execution of significant corporate transactions.
Education:	Bachelor of Commerce – University of Western Australia
Memberships:	Fellow of the Institute of Chartered Accountants
Other Directorships:	None

Richard Johnson	*Executive Director*
Qualifications & Experience:	Richard Johnson joined DTI as General Manager in 2005 and was appointed to the Board as an Executive Director on 9 August 2011. He has served as a director of the Company for six years. Mr Johnson has more than 20 years' experience in the transit technology sector. Prior to joining DTI, he held senior management positions at ERG Limited which developed, supplied and managed integrated fare collection systems for the transit industry around the world.

Education:	Bachelor of Science (Electrical Engineering) - University of Calgary Master of Engineering Studies – University of Western Australia Master of Business Administration - University of Western Australia
Other Directorships:	None

Glyn Denison	*Non-Executive Director*
Qualifications & Experience:	Glyn Denison was appointed to the Board of DTI on 19 January 2004 with executive responsibilities for business development. Mr Denison relinquished his executive responsibilities in December 2006 and has remained on the Board as a Non-Executive Director. Mr Denison has been a director of the Company for over 13 years. Mr Denison 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. Mr Denison has extensive knowledge of the public transit sector, including the existing customer base of DTI and its business partners. Mr Denison is a member of the Remuneration and Nominations Committee and the Audit, Risk and Compliance Committee.
Education:	Bachelor of Engineering – University of Western Australia Diploma in Business and Administration – Curtin University
Other Directorships:	Mr Denison is a Non-Executive Chairman of OBJ Ltd, McDowall Affelck Pty Ltd and Wesbuilders Cooperative Limited.

Neil Goodey	*Non-Executive Director*
Qualifications & Experience:	Neil Goodey co-founded DTI in 1995 and held the position of Managing Director until 2008. Mr Goodey has been a director for over 22 years. Over the last 25 years Mr Goodey 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. Mr Goodey is a member of the Remuneration and Nominations Committee and the Audit, Risk and Compliance Committee.
Other Directorships:	None

Jeremy King	*Independent Non-Executive Director*
Qualifications & Experience:	Jeremy King is a corporate lawyer and was appointed to the Board of DTI on 29 June 2011. He is qualified as a lawyer in Western Australia and England and Wales and has been a director of DTI for six years. Mr King has over 15 years' experience in domestic and international legal, financial and corporate matters. He 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. Mr King is a member of the Remuneration and Nominations Committee and Chairperson of the Audit, Risk and Compliance Committee.
Education:	Bachelor of Laws – University of Western Australia
Other Directorships:	Mr King is a Non-Executive Director of Transcendence Technologies Ltd, HER Resources Ltd, Red Mountain Mining Ltd, Cott Oil and Gas Ltd, Smart Parking Limited and Pure Minerals Limited. Mr King was formerly a Non-Executive Director of CEB Resources plc and Orca Energy Limited and Chairperson of Continuation Investments Ltd.

The above named directors held office during the whole of the financial year and since the end of the financial year except for Mr Tazewell who was appointed to the Board on 1 December 2016.

Company Secretary

Bruce Mitchell

Mr Mitchell joined DTI in 2012 as Chief Financial Officer and Company Secretary and held the position of Company Secretary at the end of the financial year. He holds a Bachelor of Accounting Science (Honours) from the University of South Africa, and a Bachelor of Commerce from the University of Natal. Mr Mitchell resigned as Company Secretary on 10 July 2017.

Raj Surendran

Mr Raj Surendran was appointed as Company Secretary and Chief Financial Officer of the Company on 10 July 2017 and held that position at the date of this report. Mr Surendran is a qualified accountant and holds a Masters of Business Administration from the University of Western Australia.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board of Directors		Remuneration and Nomination Committee		Audit, Risk and Compliance Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
C Morris	9	7	2	1		
PJ Tazewell[1]	4	4				
R Johnson	9	9				
G Denison	9	9	2	2	4	4
N Goodey	9	9	2	2	4	4
J King	9	9	2	2	4	4

1 Four Board meetings have been held since Mr Tazewell was appointed to the Board on 1 December 2016.

Principal activities

The principal activities of the Group during the course of the financial year were the development, manufacture and supply of integrated surveillance, passenger communication systems, and fleet management solutions for the global mass transit industry and other related markets.

There were no significant changes in the nature of the activities of the Group during the year.

Operating and Financial Review

Overview

DTI is a global leader in the supply of sophisticated transit communication systems to the global mass transit industry. DTI's customers are transit agencies, transit vehicle manufacturers, law enforcement authorities and high-value freight operators. The Company offers the following products and services:

- Advanced 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 comprehensive, fleet-wide, CCTV and vehicle management solutions.
- Passenger communication solutions – specialised hardware systems, incorporating real time passenger information through graphical and high brightness displays as well as public address and hearing aid loop communications, passenger emergency communications, driver awareness systems incorporating live viewing of passengers, and infotainment systems; supported by sophisticated device and content management software to provide a comprehensive, fleet-wide, passenger information management solution.
- 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 worldwide, both directly and in conjunction with a network of integrators and business partners.

Shareholder returns

The table below sets out summary information about the Group's earnings and movement in shareholder wealth for the five years to 30 June 2017.

		FY17	FY16	FY15	FY14	FY13
Revenue	**$**	15,867,660	16,216,338	14,705,897	19,798,072	19,496,642
EBITDA	**$**	(3,024,987)	3,645,667	1,529,197	3,076,060	3,002,098
Net profit/(loss) after tax	**$**	(5,847,874)	31,558	690,511	1,115,975	1,625,184
Share price at start of year	**$**	0.39	0.29	n/a	n/a	n/a
Share price at end of year	**$**	0.17	0.39	0.29	n/a	n/a
Dividends	**cps**	-	-	-	-	-
Basic (loss)/ earnings per share	**cps**	(5.32)	0.03	0.14	1.46	14.90
Return on Capital Employed	**%**	(13.5)	22.7	10.08	38.53	43.32

Net profit amounts have been calculated in accordance with Australian Accounting Standards (AASBs).

Review of Financial Condition

FY17 Financial Performance

During the year ended 30 June 2017 DTI recorded revenue of $15.9 million (2016: $16.2 million). This represents a 1.9 per cent reduction compared to the prior year and is attributed to delays in meeting revenue recognition thresholds under its customer contracts. DTI's revenue continues to be largely dependent upon capital projects and there is a strong focus on increasing revenue from maintenance and recurring equipment sales. Revenue from these sources was $7.5 million (2016: $8.9 million) which represents a 16 per cent decrease compared to the prior year.

DTI recorded negative EBITDA of $3.0 million for the year ended 30 June 2017 (2016: $3.6 million). Reported EBITDA was adversely impacted by identification and impairment of unrecoverable assets and the significant investment made by DTI in researching and developing new products and the subsequent expensing of a portion of these costs. These matters are further elaborated in the discussion on Underlying EBITDA below.

Administration expenses of $4.8 million (2016: $4.5 million) increased by 7.3 per cent compared to the prior year. This increase is largely attributable to increased head count, professional and consulting fees. Employee benefits expense of $7.1 million (2016: $4.6 million) was 54 per cent higher than the prior year reflecting the increased employee numbers engaged in product development.

Research and Development (R&D) continues to be a strong focus of the business with $7.1 million (2016: $3.2 million) committed to these activities during the year. While R&D will remain a key focus of the business in the future, the R&D spend during FY17 was elevated due to the large number of new products developed and delivered during this year.

Underlying EBITDA

During the year DTI recorded a number of non-recurring expenses attributed to events from earlier reporting periods. In order to present an underlying EBITDA result, these items have been identified in the following table:

Reconciliation of Underlying EBITDA	$
Statutory EBIT	**(4,827,070)**
Depreciation/Amortization	1,802,083
Reported EBITDA	(3,024,987)
Foreign Exchange losses	165,680
Net R&D income / expense	1,550,854
Impairment	519,584
Initial Warranty provision	146,051
Business Development costs	491,301
Product margin	614,117
Underlying EBITDA[1]	**462,600**

Net R&D income / expense	R&D Grant income was recorded as a reduction in capitalised expenditure, to the extent possible, rather than as income recorded to the Profit and Loss Statement as in prior years.
Initial warranty provision:	During the financial period it was identified that a warranty provision had not been raised in relation to past sales. DTI has raised a provision of $134,299 to cover product sales at year end. Warranty claims for the current year have been expensed throughout the course of the financial year.
Impairment:	DTI regularly reviews the capitalised value of intangible assets to confirm that the carrying value can be recovered against future product sales. Where a product has become obsolete or is determined not to generate sufficient sales to support the carrying value then the intangible asset is impaired. In addition DTI also investigated long-standing receivables and determined unrecoverable amounts. These receivables have also been impaired.
Business Development Costs	During FY17 DTI incurred certain business development costs associated with supporting its distribution channel in certain markets. This support has been discontinued since 1 July 2017
Product Margin	DTI experienced higher costs of manufactured product, and a corresponding reduction in gross margin, associated with manufacturing new products in volumes below economic quantities. DTI expects to move to economic production volumes in 1Q FY18.

[1] Underlying EBITDA excludes non-recurring costs and foreign exchange losses.

Cash Flow

DTI generated negative cash flow from operations of $3.6 million during the financial year. Net cash in flow for the year was $2.5 million. Key impacts on net cash flow included:

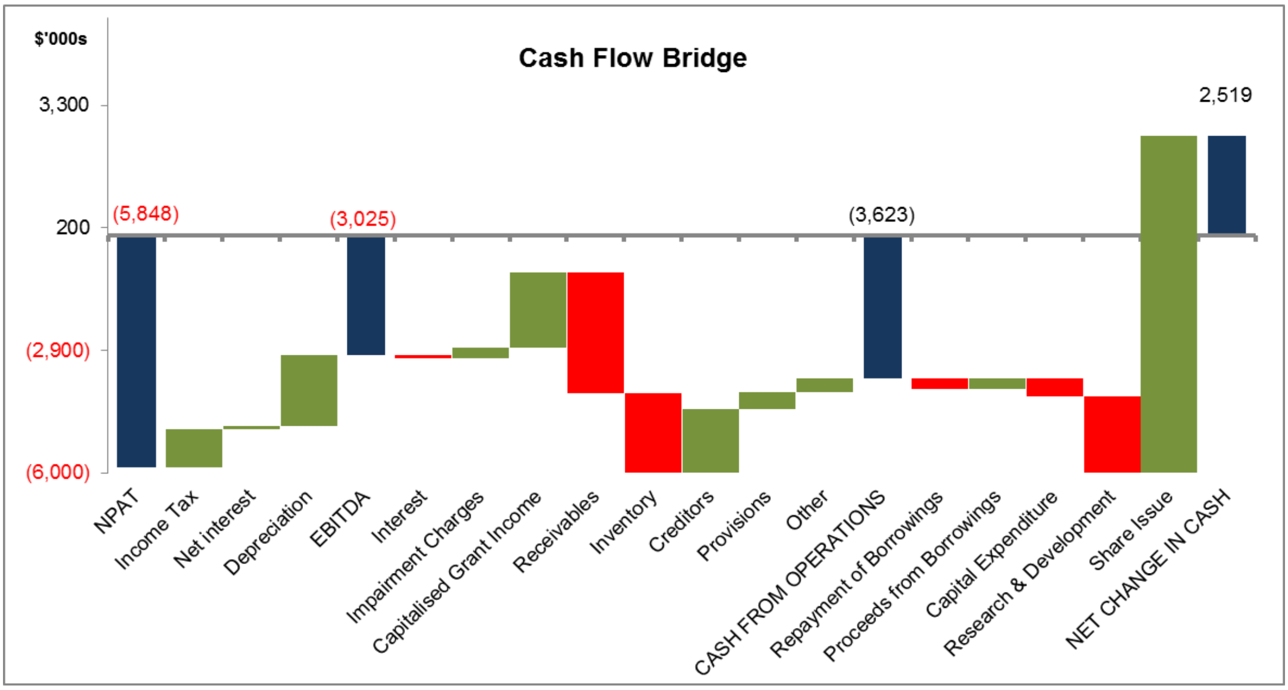
i) Continued investment in R&D activities amounting to $7.1 million;

ii) Increased working capital intensity, primarily associated with rail projects, amounting to $3.0 million; and

iii) $11.5 million capital raising completed in December 2016.

Rail projects typically have a larger investment in engineering and design and can be subject to delays outside of DTI's control. The working capital intensity of these rail projects gives rise to irregular cash flows.

DTI recorded an improved cash position at year end, primarily attributed to the $11.5 million capital raising during the year.



Financial Position

As at the end of the financial year, DTI maintained a strong financial position with positive cash reserves of $3.1 million and high levels of liquid working capital. DTI has no term debt and the only financial indebtedness relates to equipment finance leases. The Directors consider that the current level of working capital is sufficient to support the current operations of the Company.

As described in the Financial Statements, DTI continues to be in breach of its financial covenants with ANZ Banking Group Limited (ANZ) due to the negative earnings result in FY17. DTI continues to work ANZ to resolve this issue.

Review of principal business

DTI services the global mass transit market and during the financial period determined that it service a single market. As a result, DTI has discontinued the practise of segment reporting on the basis of geographic regions. The principal underlying drivers for DTI business are:

i) Increased public and private investment in public transport infrastructure;

ii) Requirement for improved security and surveillance on mass transit systems; and

iii) Increased demand for passenger information systems on mass transit systems.

DTI considers these are strong drivers of demand for its products and services which will continue into FY18 and beyond.

Investments for future performance

DTI completed a major investment in new products which resulted in increased R&D costs and a lag in revenue as these new products were introduced to market. This contributed to the Group's net loss for the year. While R&D activities will continue to be a focus for DTI, it is considered that the level of R&D spend will be reduced in FY18.

Operational performance

Throughout FY17 DTI won a number of significant new contracts on the basis of its unique product offering. During this period DTI was awarded contracts to provide surveillance and other associated equipment for London Underground, Virgin Trains and London Midland. Also during FY17, DTI formalised its close working relationship with Alstom Transport by entering into a long-term Framework Agreement for the supply of on-train communication and associated equipment.

DTI continues to provide long-term maintenance and support services to municipal transit authorities in Australia (Brisbane City Council, Public Transit Authority of Western Australia, Department of Planning, Transport and Infrastructure of South Australia, and Action Bus (Canberra)) and in the UK. DTI is also continuing to supply its mobile video surveillance solutions to long term customers in San Francisco and Philadelphia.

Throughout FY17 DTI made significant investment in new products, primarily for deployment on Alstom trains for the Sydney Metro project. Deliveries of these products (by train-set) commenced in FY17 and will continue throughout FY18 and into FY19.

During FY17 DTI completed deliveries of equipment to Dallas Area Rapid Transit Authority, the installation of which will be completed in 1H FY18.

DTI successfully completed an external surveillance audit for its ISO9001:2008 Quality Assurance certification by Bureau Veritas. The ISO9001 accreditation provides further assurance to customers that they receive the very best in quality and service from our company and will cater to broadening business opportunities globally.

Significant changes in state of affairs

During the financial year DTI undertook a placement and entitlement's issue (Capital Raising) which raised $11.5 million. The proceeds of this Capital raising were applied to: reduction of bank debt, R&D activities and working capital requirements.

Other than as set out above, in the opinion of the directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

Outlook

Opportunity Pipeline

DTI continues to enjoy strong demand for its products and services and an Opportunity Pipeline exceeding $450 million. FY17 was a challenging year for the Group with a significant investment made in developing new products that have positioned the business strongly to drive future revenue growth. Importantly, awareness of DTI and its product range is growing in the key markets of UK, Europe and North America where the majority of the Opportunity Pipeline is weighted.

The EMEA market, in particular, continues to grow strongly underpinned by ongoing investment in the UK rail sector.

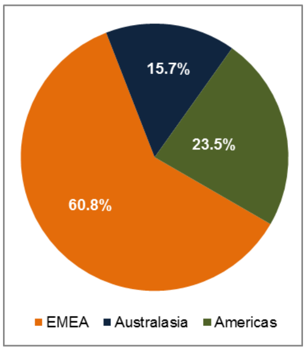


Chart 1: Company Data

Order Book

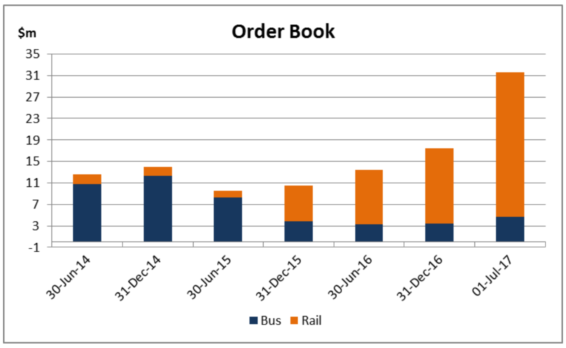


Chart 2: Company Data

Recent contract awards have seen DTI increase its pro-forma contracted order book to in excess of $30 million at 30 June 2017, an 80 per cent increase compared to 31 December 2016. This is the highest value of contracted work ever recorded by DTI and supports the business for strong revenue growth over future years.

While the volume of contracted work is strongly weighted towards rail contracts, DTI has also increased its contracted bus work since December.

Business Strategies

DTI's business strategy has been to continually innovate by applying leading edge technology to the transit industry and developing innovative new products and solutions. DTI has successfully developed a number of new products during FY17 including a multi-use digital video recorder (DVR) for bus, light-rail and rail uses, a heavy duty DVR designed for heavy rail, a transit audio communication system for integrated platform and on-vehicle communications and a 48" LCD passenger information display for presenting video and dynamic images.

While DTI will continue its strategy of developing innovative new products, there is now a requirement to invest in significant marketing efforts to maximise the current investment in these new products.

Future Developments

Having regard to its current balance of contracted work DTI expects to deliver improved revenue during FY18. The opportunity to win new contracted work from its range of new products is strong and DTI is focussed on building its backlog of contracted work in order to demonstrate strong future revenue.

Dividends

In respect of the financial year ended 30 June 2017, no interim dividend was paid and the directors have determined that no final dividend will be paid.

Events since the end of the financial year

There has not arisen, in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments and expected results of operations

The Group will continue to pursue its policy of developing communications and passenger information technologies for the global mass transit market. DTI remains confident in its outlook as it seeks to drive growth via its strong pipeline of opportunities. The Group's ongoing investment in R&D 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.

Further information about likely developments in the operations of the Group has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Company is not subject to any specific 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.

Directors' interests

The relevant interest of each director in the shares, debentures, interests in registered schemes and rights or options over such instruments issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary Shares	DTI Group Limited Options over Ordinary Shares	Rights over Ordinary Shares
C Morris	24,549,506	Nil	Nil
PJ Tazewell	150,000	Nil	Nil
R Johnson	494,908	Nil	Nil
G Denison	3,030,495	Nil	Nil
N Goodey	6,575,198	Nil	Nil
J King	451,701	nil	Nil

Indemnification of officers and auditors

The Company has also agreed to indemnify the current directors of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company 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.

Non-audit services

The Board 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 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 2017 were $9,210 (2016: $7,896) in relation to UK Tax services and the DTI Share Plan.

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*.

Auditor's independence declaration

The auditor's independence declaration is set out on page 72 and forms part of the directors' report for the financial year ended 30 June 2017.

Corporate Governance Statement

The Board of DTI is responsible for the corporate governance of the company and its subsidiaries. The Board has governance oversight of all matters relating to the strategic direction, corporate governance, policies, practices, management and operations of DTI with the aim of delivering value to its Shareholders and respecting the legitimate interests of other stakeholders, including employees, customers and suppliers.

Under ASX Listing Rule 4.10.3, DTI is required to provide in its annual report details of where shareholders can obtain a copy of a corporate governance statement, disclosing the extent to which the Company has followed the ASX Corporate Governance Council Principles and Recommendations in the reporting period. DTI has published its corporate governance statement on the "Corporate Governance" page of its web site at www.dti.com.au

Audited 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 for the financial year ended 30 June 2017.

The term Key Management Personnel refers to those persons having authority and responsibility for planning, controlling and directing the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity. Any reference to "Executives" in this report refers to those KMP who are not Non-Executive Directors. The prescribed details for each person covered by this report are detailed below under the following headings:

- Key management personnel
- Remuneration policy
- Remuneration structure
- Relationship between the remuneration policy and company performance
- Remuneration of directors and key management personnel
- Key terms of employment contracts
- Key management personnel equity holdings

Key Management Personnel

The directors and other Key Management Personnel of the consolidated entity during or since the end of the financial year were:

Non-Executive Directors

The following persons acted as non-executive directors of the Company during the financial year:

Mr C Morris	(Chairperson)
Mr G Denison	
Mr N Goodey	
Mr J King	

Unless otherwise stated, the named persons held their current position for the whole of the financial year and since the end of the financial year.

DTI Executives

The following persons were employed as Group executives during the financial year:

Mr P Tazewell	(Chief Executive Officer and Managing Director)
Mr JM Florent[i]	(Chief Operating Officer)
Mr R Johnson[ii]	(Executive Director - Commercial)
Mr B Mitchell[iii]	(Chief Financial Officer/Company Secretary)
Mr A Oldland[iv]	(General Manager - Operations)
Mr R Surendran[iv]	(Chief Financial Officer/Company Secretary)

Audited Remuneration Report

Except as noted below, the abovenamed persons held their current position for the whole of the financial year and since the end of the financial year.

i) Mr JM Florent ceased employment with the Company on 16 November 2016 and ceased to be a KMP from that date.

ii) Mr R Johnson was Chief Executive Officer and Managing Director up until 1 December 2016.

iii) Mr B Mitchell ceased employment with the Company on 24 July 2017 and ceased to be a KMP from that date.

iv) Messrs Oldland and Surendran joined the Company on 27 February 2017 and 10 July 2017 respectively in the stated roles and were designated KMPs from those respective dates.

Remuneration Policy

Non-Executive Directors

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 reviewed annually by the Nominations and Remuneration Committee.

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 for membership of the Audit, Risk and Compliance Committee. 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. The maximum annual aggregate Directors' fee pool limit is $250,000.

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.

DTI Executives

The Company's remuneration policy for DTI executives is to fairly and responsibly reward them having regard to the performance of the Group, the performance of the executive and prevailing remuneration expectations in the market.

The Company also seeks to establish remuneration structures which align the interests of its key management personnel with the interests of the Company and its shareholders. DTI has established a Management Compensation Plan (MCP) under which certain executives are entitled to receive short-term incentives (STI) and long term incentives (LTI) based on the delivery of key Group and individual outcomes, and the profitability of the DTI Group. At present, only Mr Tazewell and Mr Johnson are participants of the MCP.

Other DTI executives do not have a formal STI or LTI component of their remuneration package however they may receive a cash bonus as a STI, at the discretion of the Board.

Audited Remuneration Report

As detailed in this report, no DTI executives received any STI or LTI payments in respect of FY17.

The amount of compensation for current and future periods for DTI executives is based on consideration of market factors, comparison to peers and reference to the individual's experience and performance. Overall, remuneration policies are subject to the discretion of the Board and can be changed to reflect the competitive market and business conditions when in the interest of the Company and shareholders.

Performance Evaluation

Each DTI executive is subject to a review of their individual performance each year in accordance with the Company's Development and Appraisal Process. This process usually takes place in September each year. During the financial year the performance of all DTI executives was evaluated, other than Messrs Oldland, Surendran and Tazewell who joined the company after this date.

Remuneration Structure

DTI executive

The remuneration structure for DTI executives participating in the MCP is based on the concept of a total package target (TPT) assuming budgeted financial performance is achieved and the participants performed satisfactorily. If the business and/or the participants 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 per cent of the TPT. The TPT comprises three components:

i) A fixed component, representing base salary plus superannuation, which comprises 75 per cent of the TPT;

ii) a variable component, represented by a STI paid as a cash bonus, which comprises 12.5 per cent of the TPT. This component can increase to 25 per cent of the fixed component for exceptional performance; and

iii) a variable component, represented by a LTI in the form of an equity issue of DTI shares, which comprises 12.5 per cent of the TPT. This component can increase to 33.3 per cent of the fixed component for exceptional performance.

The STI and LTI 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 STI and LTI are paid or are due for payment, eligibility to receive the STI and LTI lapses. The participants may elect to receive the STI payment in equity securities, subject to shareholder approval.

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.

The Board of DTI Group reserves the right not to pay an STI or LTI if financial performance, earnings per share and/or operational performance have not met the expectations of the Board.

Audited Remuneration Report

The remuneration structure for DTI executives not participating in the MCP is based on a fixed component, representing base salary plus superannuation. DTI Executives may be granted a cash bonus at the discretion of the Board.

Fixed Component

Fixed remuneration comprises base salary, employer superannuation contributions and other allowances and non-cash benefits. Each Executive's fixed remuneration is reviewed and benchmarked annually.

Variable Component – STI and LTI

Variable remuneration for participants in the MCP comprises STIs linked to Company and individual performance over one year, and LTIs linked to performance over a period greater than a year.

The following table sets out the maximum variable remuneration each Executive Officer could have achieved, on an annualised basis, in FY17, expressed as a percentage of total remuneration, if maximum performance was achieved for the STI and LTI components of their variable components.

Executives	Fixed		Variable – STI		Variable – LTI	
	2017	2016	2017	2016	2017	2016
Peter Tazewell ***Managing Director***	63.3	n/a	15.8	n/a	20.9	n/a
Jean-Michel Florent ***Chief Operating Officer***	100.0	100.0	n/a	n/a	n/a	n/a
Richard Johnson ***Executive Director***	63.2	63.2	15.8	15.8	21.0	21.0
Bruce Mitchell ***Chief Financial Officer***	100.0	100.0	n/a	n/a	n/a	n/a
Andy Oldland ***General Manager - Operations***	100.0	n/a	n/a	n/a	n/a	n/a
Raj Surendran ***Chief Financial Officer***	n/a	n/a	n/a	n/a	n/a	n/a

Key Performance indicators (KPIs) for incentive payments

Performance against the KPIs for incentive payments are as follows:

Incentive	Metric	Weighting (%)	Test	Outcome
STI	Budgeted EBITDA	70.0	Achievement of Budgeted EBITDA	Below target
STI	Other - subjective	30.0	Successful project execution, achievement of anticipated margins, Business expansion, service levels and product reliability	Below target
LTI	EPS accretion	50.0	Compared to prior year	Below target
LTI	Other – subjective	50.0	Leadership, replicability and character	At target

Audited Remuneration Report

Relationship between the remuneration policy and company performance

One of the directors' remuneration objectives is to align the interests of its key management personnel with the interests of the Company and its shareholders. In FY17 this was achieved through the participation of the Company's two principal executives in the MCP which placed a material proportion of executives' remuneration at risk. It is intended to introduce an incentive plan for other executives in the future.

As noted previously, no awards of STI will be made to DTI executives in relation to FY17. Refer Table on page 20 for further remuneration details of key management personnel.

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

Peter Tazewell

- ST Incentive cash bonus based on the achievement of budgeted EBITDA (50 per cent weighting), achievement of revenue, profit before and after tax and operating and investing cash flow (20 per cent weighting) and the achievement of other criteria including expansion and diversification, business plans and strategy (30 per cent weighting). The composition of the cash bonus is 12.5 per cent of the package guide or up to 25 per cent of the base salary for exceptional performance.

- LT Incentive based on the achievement of earnings per share performance compared to the previous period (50 per cent weighting)and non-financial performance including shareholder and broker relationships, communication and presentation skills, board-reporting and management information systems, risk assessment and problem solving, forward thinking and innovative mindset (50 per cent weighting). The LT Incentive forms 12.5 per cent of the package guide or up to 33.3 per cent of the base salary for exceptional performance.

The board has decided that Mr Tazewell was ineligible for any STI or LTI awards for FY 17 as he had not served a full year in his role.

Richard Johnson

- Cash bonus based on the achievement of budgeted EBITDA (70 per cent weighting) and the achievement of other criteria including projects and margins, business expansion, service levels and product reliability (30 per cent weighting). The composition of the cash bonus is 12.5 per cent of the package guide or up to 25 per cent of the base salary for exceptional performance.

- LT Incentive based on the achievement of earnings per share performance compared to the previous period (50 per cent weighting) and non-financial performance including leadership, replicability and character (50 per cent weighting). The LT Incentive forms 12.5 per cent of the package guide or up to 33 per cent of the base salary for exceptional performance.

Mr Johnson was awarded a share based payment of $9,034 (54,750 shares) as an LTI in FY 17 however this was not accrued for in the financial year and has yet to be paid. This award was due to Richard meeting 28 per cent of his subjective criteria of leadership, replicability and character.

Remuneration of directors and key management personnel

Details of the elements comprising the remuneration of the Company's key management personnel are set out in the following table. The table does not include the following components of remuneration because they were not part of the remuneration package offered to Executives during FY16:

- Short term cash profit sharing bonuses;
- Payments made to KMP in respect of a period before or after the person held the KMP position;
- Long term incentives distributed in cash;
- Post employment benefits other than superannuation; and
- Non-monetary benefits.

Audited Remuneration Report

		Short-term Benefits			Post Employment Benefits	Long-term Benefits	Share Based Payments	Total	Proportion Performance related
		Salary & fees	STI	Total	Super-annuation benefits	Long Service Leave			
		$	$	$	$	$	$	$	%
Executive Directors									
PJ Tazewell (MD & CEO)	2017	175,000	-	175,000	12,183	-	-	187,183	0.0%
	2016	-	-	-	-	-	-	-	-
R Johnson [1] (Executive Director)	2017	247,760	-	247,760	19,615	5,954	9,034	282,363	3.2%
	2016	244,800	9,000	253,800	19,308	5,954	12,000	291,062	7.2%
Non - Executive Directors									
C Morris	2017	50,000	-	50,000	-	-	-	50,000	0.0%
	2016	50,000	-	50,000	-	-	-	50,000	0.0%
G Denison	2017	35,000	-	35,000	-	-	-	35,000	0.0%
	2016	35,000	-	35,000	-	-	-	35,000	0.0%
N Goodey	2017	31,964	-	31,964	3,036	-	-	35,000	0.0%
	2016	31,964	-	31,964	3,036	-	-	35,000	0.0%
J King	2017	40,000	-	40,000	-	-	-	40,000	0.0%
	2016	40,000	-	40,000	-	-	-	40,000	0.0%
Executive officers									
JM Florent [2] (COO)	2017	124,147	-	124,147	7,519	-	(2,507)	129,159	n/a
	2016	240,272	1,043	241,315	19,308	-	2,507	263,130	1.3%
B Mitchell [3] (CFO/Co. Secretary)	2017	175,000	-	175,000	17,373	-	-	192,373	0.0%
	2016	173,333	10,000	183,333	17,256	-	2,343	202,932	6.1%
A Oldland (GM - Operations)	2017	52,051	-	52,051	4,945	-	-	56,996	0.0%
	2016	-	-	-	-	-	-	-	-
Total	**2017**	**930,922**	**-**	**930,922**	**64,670**	**5,954**	**6,527**	**1,008,073**	
Total	**2016**	**815,369**	**20,043**	**835,412**	**58,908**	**5,954**	**16,850**	**917,124**	

1. Richard Johnson was awarded a STI of $9,000 and a LTI of $12,000 for performance during the 2016 financial year, which were accrued in the 2016 financial year. Richard Johnson was awarded a LTI of $9,034 for performance during the 2017 financial year which was not accrued in the 2017 financial year as the amount is immaterial.
2. Jean-Michel Florent (COO) was awarded a discretionary cash bonus of $1,043 for performance during the 2016 financial year, which was accrued in the 2016 financial year. On 15 April 2016, he was issued with 115,000 shares in the Company for no cash consideration pursuant to the terms of the DTI Employee Share Plan (DESP). Mr Florent ceased to be a KMP on 16 November 2016.
3. Bruce Mitchell (CFO) was awarded a discretionary cash bonus of $10,000 subsequent to the end of the 2016 financial year for performance during the 2016 financial year, which was not accrued in the 2016 financial year. On 15 April 2016, he was issued with 107,500 shares in the Company for no cash consideration pursuant to the terms of the DTI Employee Share Plan (DESP). Mr Mitchell ceased to be a KMP on 24 August 2017.
4. Peter Tazewell commenced as MD & CEO on 1 December 2016.
5. Andy Oldland commenced as GM Operations on 27 February 2017.

Audited Remuneration Report

Key terms of employment contracts

The Company has formal employment contracts with each of its former and continuing executives as set out below:

Name	Fixed Remuneration	MCP Participant	Duration	Notice Period	Termination Benefits
Peter Tazewell	$325,000	Yes*	Ongoing	Four weeks	None
Richard Johnson	$262,800	Yes*	Ongoing	Four weeks	None
Jean-Michel Florent	$235,109	No	Ceased	Eight weeks	None
Bruce Mitchell	$175,000	No	Ceased	Four weeks	None
Andy Oldland	$219,000	No	Ongoing	Four weeks	None
Raj Surendran	$240,900	No	Ongoing	Four weeks	None

* Refer page 17 and 18 for details of MCP plan and criteria.

The Company also has letters of appointment with each of its Non-executive directors.

Loans to Key management personnel

There are no loans from the Company to a KMP.

Key management personnel equity holdings

The movement during the reporting period in the number of shares in DTI Group Limited held directly, indirectly or beneficially, by each key management person, including related parties, is as follows:

2017	Balance at 1 July 2016 No.	Granted as Remuneration No.	On Exercise of Options No.	Net Other Change No.	Balance at 30 June 2017 No.
Directors					
C Morris	18,048,144	-	-	6,501,362	24,549,506
P Tazewell	-	-	-	150,000	150,000
R Johnson	494,908	-	-	-	494,908
G Denison	2,887,638	-	-	142,857	3,030,495
N Goodey	6,575,198	-	-	-	6,575,198
J King	369,573			82,128	451,701
Executives					
JM Florent [1]	642,000	-	-	(115,000)	n/a
B Mitchell	527,050	-	-	6,785	533,835
A Oldland	-	-	-	-	-
R Surendran	-	-	-	-	-
					-

1 Mr Florent ceased to be a KMP on 16 November 2016 and the presentation in this table may not indicate the status of his shareholding at the end of the relevant reporting period. Shares allocated to Mr Florent under the DTI Employee Share Plan did not vest and his entitlement to these shares has lapsed.

Audited Remuneration Report

2016	Balance at 1 July 2015 No.	Granted as Remuneration No.	On Exercise of Options No.	Net Other Change No.	Balance at 30 June 2016 No.
Directors					
C Morris	18,048,144	-	-	-	18,048,144
R Johnson	469,908	-	-	25,000	494,908
G Denison	2,887,638	-	-	-	2,887,638
N Goodey	6,575,198	-	-	-	6,575,198
J King	350,000	-	-	19,573	369,573
Executives					
JM Florent	527,000	115,000	-	-	642,000
B Mitchell	249,000	107,500	-	170,550	527,050

DTI Employee Share Plan

The DTI Employee Share Plan (DESP) has been established to permit shares to be issued by the Company to employees for no cash consideration. All permanent employees (excluding directors) who have been continuously employed by the group for a period of at least one year are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

The shares are recognised at the closing share price on the grant date (31c on 15 April 2016) as an issue of treasury shares by the trust and as part of employee benefit costs over the period the shares vest. The shares vest one third per year on the anniversary date of 15 April over the subsequent three years.

DTI Capital Pty Ltd (Trustee), a wholly owned subsidiary of the Company, has been appointed by the Company to act as the trustee of the DESP. The Company has issued 2,000,000 DESP shares to the Trustee to hold for the benefit of employees until the DESP shares cease to be subject to any vesting conditions, at which time the DESP shares will be transferred to the employee or sold on behalf of the employee, with the sale proceeds remitted to the employee.

Treasury shares are shares in the Company that are held by DTI Capital Ltd for the purpose of issuing shares under the DESP. The shares are held as treasury shares until such time as they are vested. Forfeited DESP shares may be reallocated in subsequent grants.

Other Transactions with KMP

Computershare Investor Services Pty Limited provides share registry service to DTI. Chris Morris (Non-Executive Chairman of DTI) is also a Non-Executive Director of Computershare Limited. DTI paid Computershare Investor Services Pty Limited a total amount of $52,380 during the current year. An amount of $29,001 (2016:nil) was paid in relation to the capital raising and $23,379 (2016:$16,829) relates to normal trading activities. Transactions with Computershare Investor Services Pty Limited are based on normal commercial terms and conditions.

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Audited Remuneration Report

Reliance on External Remuneration Consultants

There has not been any reliance on external remuneration consultants.

Adoption of Remuneration Report

At the 2016 Annual General Meeting, the resolution adopting the 2016 Remuneration Report was carried unanimously.

The Company received more than 80.6 per cent of "yes" votes on its Remuneration Report for the 2016 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

This concludes the remuneration report, which has been audited.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

PETER TAZEWELL
Managing Director

29 August 2017, Perth, Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2017

	Note	2017 $	2016 $
Sales Revenue		15,867,660	16,216,338
Cost of Goods Sold		(12,093,221)	(9,666,831)
Gross Margin		3,774,439	6,549,507
Operational Overheads		(2,675,437)	(2,161,932)
Impairment costs	2	(519,584)	-
Other Income		1,194,021	3,730,354
Corporate Overheads		(4,798,426)	(4,472,262)
Depreciation/amortisation	2	(1,802,083)	(1,060,299)
Net interest and finance (loss)/gain	2	(75,729)	130,597
(Net Loss) / Profit Before Tax		(4,902,799)	2,715,965
Tax expense	3	(945,075)	(2,684,407)
(Net Loss) / Profit After Tax		(5,847,874)	31,558
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences		587,176	(56,729)
Total other comprehensive income / (loss)		587,176	(56,729)
Total comprehensive loss for the period		(5,260,698)	(25,171)
Total comprehensive loss is attributable to:			
Owners of DTI Group Ltd		(5,260,698)	(25,171)
(Loss)/earnings per share for (loss)/income attributable to the ordinary equity holders of the Company:			
Basic (loss) / earning per share (cents per share)	21	(5.32)	0.03
Diluted (loss) / earning per share (cents per share)	21	(5.32)	0.03

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 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	4	3,139,852	633,489
Trade and other receivables	5	11,814,282	8,655,529
Inventories	8	8,000,144	5,844,736
Other current assets		234,272	132,274
Total current assets		23,188,550	15,266,028
Non-current assets			
Other receivables	5	285,195	389,786
Property, plant and equipment	9	996,688	1,089,929
Intangible assets	10	5,607,876	4,370,112
Total non-current assets		6,889,759	5,849,827
Total assets		30,078,309	21,115,855
Current liabilities			
Trade and other payables	6	5,774,436	4,015,498
Borrowings	7	489,032	186,035
Provisions	11	1,021,005	665,154
Current tax liabilities	3	402,246	194,710
Total current liabilities		7,686,719	5,061,397
Non-current liabilities			
Borrowings	7	16,564	305,077
Provisions	11	83,454	34,369
Deferred tax liabilities	3	1,451,927	1,021,205
Total non-current liabilities		1,551,945	1,360,651
Total liabilities		9,238,664	6,422,048
Net assets		20,839,645	14,693,807
Equity			
Contributed equity	13	24,969,359	13,723,974
Reserves	16	654,185	(94,142)
Retained profits	16	(4,783,899)	1,063,975
Total equity		20,839,645	14,693,807

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 2017

	Contributed Equity $	Employee Share Plan Reserve $	Foreign Currency Translation Reserve $	Retained Earnings/ (Accumula-ted Losses) $	Total $
At 30 June 2015	13,723,974	–	(78,637)	1,032,417	14,677,754
Profit for the year	–	–	–	31,558	31,558
Other comprehensive income/(loss)	–	–	(56,727)	–	(56,727)
Total comprehensive income/(loss) for the year	–	–	(56,727)	31,558	(25,169)
Transactions with owners in their capacity as owners					
Shares issued to employees	–	41,222	–	–	41,222
Issue of share capital	–	–	–	–	–
At 30 June 2016	13,723,974	41,222	(135,364)	1,063,975	14,693,807
Loss for the year	–	–	–	(5,847,874)	(5,847,874)
Other comprehensive income	–	–	587,176	–	587,176
Total comprehensive income/(loss) for the year	–	–	587,176	(5,847,874)	(5,260,698)
Transactions with owners in their capacity as owners					
Recognition of share-based payments	–	161,151	–	–	161,151
Issue of share capital	11,565,561	–	–	–	11,565,561
Capital raising costs	(320,176)	–	–	–	(320,176)
At 30 June 2017	24,969,359	202,373	451,812	(4,783,899)	20,839,645

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 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Receipts from customers		14,221,566	15,978,596
Payments to suppliers and employees		(19,902,012)	(16,632,064)
Interest received		37,263	91,540
R&D grant received		2,440,024	991,861
Interest paid		(112,993)	(17,926)
Tax paid		(306,817)	(219,292)
Net cash (outflow) / inflow from operating activities	12(b)	(3,622,969)	192,715
Cash flows from investing activities			
Payments for plant and equipment		(448,153)	(852,146)
Payments for intangible assets		(4,669,320)	(3,392,153)
Payment of term deposit		–	400,063
Net cash outflow from investing activities		(5,117,473)	(3,844,236)
Cash flows from financing activities			
Proceeds from issues of shares		11,565,561	5,635
Share issue expenses		(320,176)	–
Proceeds from borrowings		257,885	510,356
Repayment of borrowings		(243,401)	(84,990)
Net cash inflow from financing activities		11,259,869	431,001
Net increase / (decrease) in cash and cash equivalents		2,519,427	(3,220,520)
Cash and cash equivalents at the beginning of the year		633,489	3,839,829
Effect of foreign exchange on opening balances		(13,064)	14,180
Cash and cash equivalents at the end of the year	12(a)	3,139,852	633,489

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

Note 1: Segment information

Operating segments were reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker was designated as the Board which was responsible for assessing the financial performance and position of the group, and making strategic decisions.

Following an internal restructure of the organisation and the appointment of a new Chief Executive Officer (CEO) in December 2016, the CODM is now identified as the Chief Executive Officer (CEO) who monitors one business unit being the DTI Group Limited (DTI) as a consolidated entity as opposed to three reportable segments in the prior year.

The new organisational structure has created an integrated and streamlined reporting structure up to the CODM. The CODM currently monitors the operating results of the consolidated group and organises its business activities and product lines to serve the global mass transit industry. The performance of the consolidated group is evaluated based on Earnings before Interest, Taxes, Depreciation and Amortisation ("EBITDA") which is measured in accordance with the Group's accounting policies.

Pursuant to AASB 136 Impairment of Assets, management has performed an impairment analysis on the previously reported segments and determined there is no impairment on this arising out the change in segment reporting.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment. The comparative results have been adjusted to conform to changes in the presentation of the current period.

Segment Revenues and Results	**2017** **$**	**2016** **7$**
Sales Revenue	15,867,660	16,216,338
Cost of Goods Sold	(12,093,221)	(9,666,831)
Gross Margin (First)	3,774,439	6,549,507
Gross Margin (First) %	*24%*	*40%*
Operational Overheads	(2,675,437)	(2,161,932)
Impairment of Development and Project Costs	(519,584)	–
Gross Margin (Final)	579,418	4,387,575
Gross Margin (Final) %	*4%*	*27%*
Other Income	1,194,021	3,730,354
Corporate Overheads	(4,798,426)	(4,472,262)
EBITDA	(3,024,987)	3,645,667
Depreciation/amortisation	(1,802,083)	(1,060,299)
EBIT	(4,827,070)	2,585,368
Net Interest and finance (loss)/gain	(75,729)	130,597
Net (Loss) / Profit Before Tax	(4,902,799)	2,715,965
Tax expense	(945,075)	(2,684,407)
Net (Loss) / Profit After Tax	(5,847,874)	31,558

Note 1: Segment information (cont'd)

Segment Assets and Liabilities	**2017 $**	**2016 $**
Total Assets & Liabilities		
Consolidated total assets	30,078,309	21,115,855
Consolidated total liabilities	9,238,664	6,422,048
Geographical Assets		
Australia	22,053,963	18,935,606
Others	8,024,346	2,180,249
	30,078,309	21,115,855
Geographical Liabilities		
Australia	8,102,508	5,870,923
Others	1,136,156	551,125
	9,238,664	6,422,048

Major customers

DTI supplies goods and services to a broad range of customers in the transit industry. During the reporting period, two (2016: one) major customers accounted for in excess of 25 per cent (2016: 26 per cent) of group revenue.

Note 2: Revenue and expenses

Accounting Policy

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.

		2017 $	**2016 $**
(a)	**Revenue**		
	Revenue from sale of goods	13,214,665	13,642,242
	Revenue from the rendering of services	2,652,995	2,574,096
		15,867,660	16,216,338
(b)	**Other Income**		
	R&D grant (i)	1,194,021	3,730,354

Note 2: Revenue and expenses (cont'd)

(i) 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 and grants relating to assets are regarded as a reduction in asset. 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.

The requirements of AASB 120: Government Grants, R&D Grant Income, requires that income earned from the grant in relation to expenditure on capitalised intangible assets, are offset against the value of those intangible assets. This is done after reducing it by the amount of amortisation recognised in the financial year as follows:

	2017 $	2016 $
R&D grant income earned in current year	3,108,001	1,475,525
R&D grant income related to prior years	-	3,069,412
R&D grant income offset (included in Note 10)	(1,913,980)	(814,583)
R&D grant income recognised in the Statement of Profit or Loss and Other Comprehensive Income	1,194,021	3,730,354

		2017 $	2016 $
(c)	**Net finance costs**		
	Interest expense	(112,993)	(18,020)
	Interest received	37,264	148,617
		(75,729)	130,597
(d)	**Share-based payment expense**		
	Employee share based payment expense	(161,151)	(41,222)
(e)	**Depreciation and amortisation expense**		
	Depreciation	(545,963)	(337,229)
	Amortisation	(1,256,120)	(723,070)
		(1,802,083)	(1,060,299)
(f)	**Impairment expense**		
	Inventory	(258,128)	–
	Capitalised research and development	(261,456)	–
		(519,584)	–
(g)	**Employee benefits – Wages & Salaries**	(7,506,765)	(4,656,116)
(h)	**Foreign exchange losses**	(165,680)	(294,814)

Note 3: 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).

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.

Note 3: Income tax (cont'd)

		2017 $	2016 $
(a)	**Income tax expense**		
	Current tax expense	402,246	847,897
	Deferred tax	430,722	480,614
	Adjustments for current tax of prior periods	112,107	1,355,896
		945,075	2,684,407
(b)	**Numerical reconciliation of income tax (benefit)/expense to prima facie tax payable**		
	Profit before income tax expense	(4,902,799)	2,715,965
	Prima facie tax (benefit)/payable on profit at 30% (2016:30%)	(1,470,840)	814,790
	Tax effect of:		
	R&D tax incentive	1,785,243	973,757
	R&D amendments – grant Income	–	(322,405)
	Other	(1,469)	(228,352)
	Other non-deductible	186,435	13,265
	Under/over (prior year adjustments and deferred tax)	(22,134)	1,389,865
	Effect of lower/higher statutory income tax rate - UK and USA	171,174	5,935
	Deferred taxes previously unrecognised	(3,083)	
	Deferred taxes not brought to account	299,749	37,552
		945,075	2,684,407
(c)	**Deferred income tax balances recognised in the accounts**		
	Deferred tax liabilities		
	Work in progress	(2,172,934)	(1,509,469)
	Unrealised foreign exchange gain	–	(43,968)
	Property, plant and equipment	(10,617)	(10,617)
	Interest receivable	–	(17,123)
	Other	–	(7,339)
	Project WIP	(287,165)	–
	Set off of deferred tax liabilities	1,018,789	567,311
	Net recognised deferred tax liability	(1,451,927)	(1,021,205)
	Deferred tax assets		
	Annual leave provision	237,560	179,595
	Property, plant and equipment	–	20,384
	Long service leave provision	52,377	29,048
	Accrued audit fees and other creditors	58,290	13,144
	Superannuation provision	53,781	48,660
	Patents	10,503	10,503
	Capital raising fees	156,657	83,917
	Provision for diminution in trading stock	48,900	41,400
	Provision for doubtful debts	2,295	2,296
	Tax losses carried forward	603,442	75,424
	Set off of deferred tax liabilities	(1,018,789)	(567,311)
	Unrealised foreign exchange gain/losses	90,679	62,940
	Deferred tax asset not brought to account as realisation is not probable	(295,696)	–
	Net recognised deferred tax assets	–	–

Note 3: Income tax (cont'd)

Net deferred tax assets are 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.

		2017 $	2016 $
(d)	**Current tax liabilities**		
	Income tax payable	402,246	194,710

Franking credits available for this financial year is $5,978 (2016:$818).

		2017 $	2016 $
(e)	**Reconciliation**		
	The overall movement in deferred tax account is as follows:		
	Opening balance	(1,021,205)	(380,305)
	Charge to statement of profit or loss and other comprehensive income	(430,722)	(640,900)
	Closing balance	(1,451,927)	(1,021,205)

Note 4: Cash and cash equivalents

	2017 $	2016 $
Cash	3,139,718	633,224
Petty Cash	134	265
	3,139,852	633,489

Note 5: Trade and other receivables

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

Significant Estimate

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 or loss.

Note 5: Trade and other receivables (cont'd)

	2017 $	2016 $
Current		
Trade receivables	8,603,337	5,882,968
Accrued debtors	102,944	116,862
R&D grant/income tax receivable	3,108,001	2,655,699
	11,814,282	8,655,529
Non-current		
Accrued debtors	285,195	389,786

(a) Impaired trade receivables

At 30 June 2017 current trade receivables of the Group with a nominal value of $7,651 (2016: $7,651) were impaired.

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

	2017 $	2016 $
Movements in the provision for impairment of receivables are as follows:		
Opening at 1 July	7,651	7,651
Receivable written off during the year as uncollectable	–	–
Closing at 30 June	7,651	7,651

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 2017 trade receivables of $2,159,232 (2016: $3,138,858) were past due, but not impaired. These relate to a number of independent customers for whom there is no recent history of default. DTI is confident that these receivables are collectible and are active in the management and reduction of these overdue amounts. The ageing analysis of these trade receivables is as follows:

	2017 $	2016 $
Up to 3 months	728,314	1,168,342
3 to 6 months	340,450	440,826
Over 6 months	1,090,468	1,529,690
	2,159,232	3,138,858

Note 5: Trade and other receivables (cont'd)

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 trade receivables, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

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.

Current amount of receivables that would otherwise be pass due

(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 14.

(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. Credit risk is assessed at the time a customer applies to open a credit account with the Group and is monitored thereafter on a regular basis. Management assesses the credit quality of the customer, taking into account its financial position, past experience, trade references, external rating where obtained and other factors then sets credit limits. The compliance with credit limits by customers is regularly monitored by management.

(e) Fair value of financial instruments

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

Fair value hierarchy

- 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.

2017 Consolidated	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Accrued debtor	–	–	388,139	388,139
Total assets	–	–	388,139	388,139

2016 Consolidated	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Accrued debtor	–	–	506,648	506,648
Total assets	–	–	506,648	506,648

There were no transfers between levels during the financial years.

Note 5: Trade and other receivables (cont'd)

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 $388,139 (2016:$506,648) has been calculated based on cash flows discounted using a rate of 9 per cent. 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:

2017 **Description**	**Unobservable Inputs**	**Range (Weighted Average)**	**Sensitivity**
Accrued debtor	Discount rate	9.0% to 10.0%	1% change would increase/decrease fair value by $3,561

2016 **Description**	**Unobservable Inputs**	**Range (Weighted Average)**	**Sensitivity**
Accrued debtor	Discount rate	10.0% to 11.0%	1% change would increase/decrease fair value by $6,563

Note 6: 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.

	2017 **$**	**2016** **$**
Trade payables	5,054,932	3,471,592
Other payables	275,507	323,860
ATO and HMRC (including PAYG)	152,370	(21,444)
Superannuation liability	179,270	162,199
FBT liability	49,898	13,382
Payroll tax liability	62,459	65,909
	5,774,436	4,015,498

Risk exposure

Information about the Group's exposure to foreign exchange is provided in Note 14.

Note 7: Borrowings

In December 2015 and April 2016, the Company negotiated chattel mortgage loans with the ANZ bank to finance the purchase of specialised technical equipment for R&D. The total amount utilised under the facility is $517,735 at interest rates of 3.99 per cent and 3.90 per cent respectively. The loans are repayable monthly over a 36 month period.

In June 2017, the Company financed its insurance premiums through Monument Premium Funding with the funds to be repaid within the next 12 months.

	2017 $	2016 $
Current Secured:		
Net carrying amount – Capital Finance Australia Ltd loan	24,385	17,547
Net carrying amount – ANZ Ltd loan	271,233	168,488
Net carrying amount – Monument Premium Funding	193,414	–
	489,032	186,035
Non-current Secured:		
Net carrying amount – Capital Finance Australia Ltd loan	16,564	40,948
Net carrying amount – ANZ Ltd loan	–	264,129
	16,564	305,077

- Further information on loans to related parties is set out in Note 22.
- The loans were based on normal commercial terms and conditions.
- Refer to Note 14 for risk exposures and risk management details.
- Refer to Note 15 for capital management details.

Accounting Policy

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.

Financing Facility

Asset financing facilities of $800,000 were available at 30 June 2017 of which $517,735 (2016:$491,112) was utilised in the current financial year.

Note 8: Inventories

	2017 $	2016 $
Raw materials / unassembled stock	6,944,172	4,148,998
Work in progress	1,478,087	1,834,858
Impairment of inventory (i)	(258,128)	–
Provision for inventory obsolescence (ii)	(163,987)	(139,120)
	8,000,144	5,844,736

(i) An impairment adjustment of $258,128 was provided for finished goods relating to projects that were not deemed to be recoverable.

(ii) A provision for inventory obsolescence was established in prior years. It was re-assessed and increased this financial year by $24,867 (2016:$58,477) and is included in the cost of goods sold in the statement of profit or loss and other comprehensive income. In determining the obsolescence provision management reviewed all inventory items and assessed future demand for these items along with projected maintenance requirements for the support of existing contracts over the coming years.

Accounting Policy

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.

Note 9: Property, plant and equipment

	2017 $	2016 $
Buildings		
At cost	124,826	119,668
Less accumulated depreciation	(59,303)	(45,702)
	65,523	73,966
Workshop and R&D plant and equipment		
At cost	1,518,122	1,229,329
Less accumulated depreciation	(901,579)	(587,822)
	616,543	641,507
Office equipment and software		
At cost	1,329,517	1,175,315
Less accumulated depreciation	(1,073,444)	(878,787)
	256,073	296,528
Motor vehicles		
At cost	214,891	214,891
Less accumulated depreciation	(156,342)	(136,963)
	58,549	77,928
Written Down Value	996,688	1,089,929

Note 9: Property, plant and equipment (cont'd)

	2017 $	2016 $
Buildings		
At cost	124,826	119,668
Less accumulated depreciation	(59,303)	(45,702)
	65,523	73,966
Workshop and R&D plant and equipment		
At cost	1,518,122	1,229,329
Less accumulated depreciation	(901,579)	(587,822)
	616,543	641,507
Office equipment and software		
At cost	1,329,517	1,175,315
Less accumulated depreciation	(1,073,444)	(878,787)
	256,073	296,528
Motor vehicles		
At cost	214,891	214,891
Less accumulated depreciation	(156,342)	(136,963)
	58,549	77,928
Written Down Value	996,688	1,089,929
Movements in carrying amounts:		
Buildings		
Balance at the beginning of the year	73,966	85,933
Additions	5,158	–
Depreciation expense	(13,600)	(11,967)
Carrying amount at the end of the year	65,523	73,966
Workshop and R&D plant and equipment		
Balance at the beginning of the year	641,507	161,835
Additions	289,807	637,109
Depreciation expense	(314,771)	(157,437)
Carrying amount at the end of the year	616,543	641,507
Office equipment and software		
Balance at the beginning of the year	296,528	224,270
Additions	157,759	215,037
Depreciation expense	(198,214)	(142,779)
Carrying amount at the end of the year	256,073	296,528
Motor vehicles		
Balance at the beginning of the year	77,928	101,038
Additions	–	–
Depreciation expense	(19,379)	(23,110)
Carrying amount at the end of the year	58,549	77,928

Note 9: Property, plant and equipment (cont'd)

Accounting Policy

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 to 5 years;
- motor vehicles under finance lease – 5 years;
- buildings – 10 years.

Note 10: Intangible assets

	Development Costs $	Goodwill $	Patents $	Total $
At 30 June 2017				
Cost (gross carrying amount)	13,078,526	2,432	428,074	13,509,032
Accumulated amortisation	(4,797,373)	-	(113,764)	(4,911,137)
Impairment expense	(261,456)	-	-	(261,456)
R&D grant income not recognisable	(2,728,563)	-		(2,728,563)
Net carrying amount	5,291,134	2,432	314,310	5,607,876
Movements in carrying amounts				
Balance at 1 July 2016	4,128,417	2,432	239,263	4,370,112
Additions	4,549,451	-	119,869	4,669,320
Amortisation expense	(1,211,298)	-	(44,822)	(1,256,120)
Impairment expense	(261,456)	-	-	(261,456)
R&D grant income not recognisable	(1,913,980)	-	-	(1,913,980)
Net carrying amount	5,291,134	2,432	314,310	5,607,876
At 30 June 2016				
Cost (gross carrying amount)	8,529,075	2,432	308,205	8,839,712
Accumulated amortisation	(3,586,075)	-	(68,942)	(3,655,017)
R&D grant income not recognisable	(814,583)	-	-	(814,583)
Net carrying amount	4,128,417	2,432	239,263	4,370,112
Movements in carrying amounts				
Balance at 1 July 2015	2,364,504	2,432	150,612	2,517,548
Additions	3,277,720	-	112,498	3,390,218
Amortisation expense	(699,224)	-	(23,847)	(723,071)
R&D grant income not recognisable	(814,583)	-	-	(814,583)
Net carrying amount	4,128,417	2,432	239,263	4,370,112

Accounting Policy

Amortisation of Capitalised Development Costs

In prior financial period, DTI has reassessed the accounting estimates of the amortisation of its Capitalised Development Costs. DTI has determined that a straight line basis in accordance with AASB108 para.40, is a more appropriate method rather than amortisation based on the revenue method.

Amortisation of Capitalised Development Costs (cont'd)

During 2016, there was a change in accounting estimates resulting in amortisation estimates being $699,224 rather than $270,252.

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).

Note 10: Intangible assets (cont'd)

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.

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.

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.

Capitalised 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 that were 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 after 1 July 2012 were amortised in proportion to the sales of the commercial units they relate to, as this was deemed to be a more accurate and reasonable basis. Due to changes in accounting standards, as of 1 July 2015, the intangible assets in existence have been assessed as having a finite life and are amortised using the straight line method over a period of years dependant on the estimate of which they will bring commercial benefit.

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. All other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the company amount may not be recoverable.

Note 10: Intangible assets (cont'd)

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

Significant estimates: Useful life of Patents and Development cost

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.

Description of the Group's Intangible Assets

(a) Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The total amount of development costs of $13,078,526 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. The Board has determined to impair certain assets by $261,456 (2016:nil) to amounts that are substantiated by net realisable value.

(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 per cent 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.

Note 10: Intangible assets (cont'd)

(d) Impairment

Significant estimate: key assumptions used for value-in-use calculations

During the period DTI undertook an organisational restructure designed to establish an executive management team and allocate operational responsibilities within the functional areas of the business. As a result of this restructure, DTI now reports as a single Operating Segment as opposed to three reportable segments in the prior year. Whilst the segments have been assessed and changes have been made, there is no perceived change to the cash generating units of the business.

For the purpose of impairment testing, intangibles are allocated to one cash-generating units (CGU). As a result of this restructure the CGU and aggregate carrying amounts were restructured to fall in line with the Group operations, cash-flow, management and reporting changes as disclosed above.

	2017 $	2016 $
The aggregate carrying amounts allocated to one CGU	6,889,759	–
The aggregate carrying amounts allocated to three CGUs		
Australasia	–	5,445,553
EMEA	–	403,065
America	–	1,209
	6,889,759	5,849,827

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 2018 has been based on the actual 2017 results, which is reasonable with a conservative approach used for budgeting by management. The cash flow for 2018 has been based on the 2018 budget which has been approved by the Board. Key assumptions underpinning the cash flow are: Revenue growth – year on year 10 per cent; Terminal value of 5 per cent; Average gross margins of 36 per cent and minimal capital expenditure.

The cash flows for 2019 to 2022 have been based on extrapolating 2018 by using an inflation/growth rate of 10 per cent. 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 pre-tax discount factor of 12.85 per cent has been used.

The following table sets out the sensitivity of key assumptions adopted to the carrying value of the Company's Intangible Assets under the Impairment Assessment:

Assumptions	Sensitivity	Negative Impact ($m)	Positive Impact ($m)
2018 Revenue	±10.0%	9.1	7.8
Revenue growth	±0.5%	3.1	3.2
Gross Profit Margin	±2.0%	5.7	17.1
Discount rate	±0.5%	0.9	1.2
Terminal Value growth rate	±0.5%	2.9	2.5

Note 11: Provisions

	2017 $	2016 $
Current		
Employee entitlements – long service leave	91,136	62,459
Employee entitlements – annual leave	795,570	602,695
Provision for warranty	134,299	–
	1,021,005	665,154
Non-current		
Employee entitlements – long service leave	83,454	34,369

Accounting Policy

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.

The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the group's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

Note 12: Notes to the cash flow statement

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

(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:

	2017 $	2016 $
Australian Dollar bank accounts	820,680	236,999
British Sterling bank accounts	93,363	97,671
US Dollar bank accounts	1,900,285	189,366
Euro bank accounts	325,390	109,188
Petty cash	134	265
	3,139,852	633,489

Note 12: Notes to the cash flow statement (cont'd)

(b) Reconciliation of (loss) / profit after income tax to the net cash used in operating activities

	2017 $	2016 $
Net (loss)/profit after tax	(5,847,874)	31,558
Non-cash items:		
Depreciation and amortisation	1,802,083	1,060,299
Employee share plan expense	161,151	41,222
Impairment expense	261,456	-
R&D grant income not recognisable	1,913,980	814,583
Exchange differences on foreign operations	595,671	(146,815)
Change in operating assets and liabilities		
Increase in trade and other receivables	(3,054,162)	(2,204,308)
Increase in inventories	(2,155,408)	(1,232,650)
Increase in other assets	(101,998)	(1,634)
Increase in trade and other payables	1,758,938	801,062
Increase in provision	404,936	193,788
Increase in tax liabilities	207,536	194,710
Increase in deferred tax	430,722	640,900
Net outflow from operating activities	(3,622,969)	192,715

Non-cash financing and investing activities

Shares were issued to employees on the conversion of options under the DTI Employee Option Plan (refer Note 17: Share-based payments).

Note 13: Contributed equity

	2017 No.	2017 $	2016 No.	2016 $
Ordinary shares				
Balance at the beginning of financial year	91,627,118	13,723,974	91,627,118	13,723,974
Issued of share capital	33,044,461	11,565,561	–	–
Shares issued in terms of employee share plan	–	–	2,000,000	–
Capital raising costs	–	(320,176)	–	–
Treasury shares	–	–	(2,000,000)	–
Balance at the end of the financial year	124,671,579	24,969,359	91,627,118	13,723,974

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

Employee Share Plan

The DTI Employee Share Plan (DESP) has been established by the Board to permit shares to be issued by the Company to employees for no cash consideration and has been put in place by the Company. All permanent employees (excluding directors) who have been continuously employed by the group for a period of at least one year are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

Note 13: Contributed equity (cont'd)

The shares are recognised at the closing share price on the grant date (31c on 15 April 2016) as an issue of treasury shares by the trust and as part of employee benefit costs over the period the shares vest. The share vest one third per year on the anniversary date of 15 April over the next three years.

DTI Capital Pty Ltd (Trustee), a wholly owned subsidiary of the Company, has been appointed by the Company to act as the trustee of the DESP. The Company has issued 2,000,000 DESP shares to the Trustee to hold for the benefit of employees until the DESP shares cease to be subject to any vesting conditions, at which time the DESP shares will be transferred to the employee or sold on behalf of the employee, with the sale proceeds remitted to the employee.

Treasury shares are shares in the Company that are held by DTI Capital Ltd for the purpose of issuing shares under the DESP. The shares are held as treasury shares until such time as they are vested. Forfeited DESP shares may be reallocated in subsequent grants (refer Note 17).

Accounting Policy

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.

Note 14: 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 2017. 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.

Note 14: Financial risk management (cont'd)

	Maturing					
	1 Year or Less $	**Over 1 to 2 Years $**	**Over 2 Years $**	**Total Contractual Cash Flows $**	**Total Carrying Value $**	**Weighted Average Active Interest Rate %**
30 June 2017						
Financial Liabilities						
Fixed rate						
Other borrowings	507,117	16,923	–	524,040	505,596	6.7%
Non-interest bearing						
Payables	5,777,436	–	–	5,777,436	5,777,436	–
	6,284,553	16,923	–	6,301,476	6,283,032	

	Maturing					
	1 Year or Less $	**Over 1 to 2 Years $**	**Over 2 Years $**	**Total Contractual Cash Flows $**	**Total Carrying Value $**	**Weighted Average Active Interest Rate %**
30 June 2016						
Financial Liabilities						
Fixed rate						
Other borrowings	202,446	209,136	100,452	512,034	491,112	4.3%
Non-interest bearing						
Payables	4,015,498	–	–	4,015,498	4,015,498	–
	4,217,944	209,136	100,452	4,527,532	4,506,610	

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 24.

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.

Note 14: Financial risk management (cont'd)

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 2017			30 June 2016		
	USD $	EUR $	GBP $	USD $	EUR $	GBP $
Cash	423,765	325,390	93,363	189,366	109,188	97,672
Trade and other debtors	3,985,984	1,861,763	1,909,039	3,304,942	663,805	234,013
Trade and other payables	(4,241,787)	(22,274)	(334,987)	(2,396,970)	(118,297)	(2,583,029)
	167,962	2,165,419	1,667,415	1,097,338	654,696	(2,251,344)
Exchange rates	0.77	0.67	0.59	0.74	0.67	0.52

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 bank account was earning interest of 1.68 per cent (2016:1.05 per cent).

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 2017 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

Based on the financial instruments held at 30 June 2017, had the Australian dollar weakened by 5 per cent against the US Dollar, Euro and British Sterling, with all other variables held constant, the Group's pre-tax profit for the year would have been $288,252 (2016:$27,861) 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.

Note 15: 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.

Under the terms of the major borrowing facilities with Australia and New Zealand Banking Group Limited (ANZ) that were entered into in December 2015 and then revised in August 2016, the group is required to comply with the following financial covenants:

- the Debt to EBITDA ratio not to exceed 2.75, and
- the Borrowing Base Ratio not to exceed 40 per cent.

The value of Debt to be used in the Debt to EBITDA ratio calculation is the sum of the utilization of the overdraft, asset finance and guarantee ANZ facilities.

The Borrowing Base Ratio is the ratio of the amount owing under the ANZ facility to the sum of eligible stock and eligible debtors.

Due to the classification of project surety bonds as debt, the Company has been in technical breach since 31 December 2016. ANZ has advised that it will take no recovery action as a result of this technical breach, with the next review of the facility due 30 September 2017.

As at 30 June 2017, the Debt to EBITDA ratio was negative 1.60 (2016:0.53) and the Borrowing Base Ratio was 10 per cent (2016:16 per cent).

Note 16: Reserves and accumulated losses

	2017 $	2016 $
Reserves		
Employee Share Plan reserve	202,373	41,222
Foreign currency translation reserve	452,170	(135,364)
	654,543	(94,142)
Employee Share Plan Reserve		
Balance 1 July	41,222	–
Arising on share-based payments	161,151	41,222
Balance 30 June	202,373	41,222

Employee Share Plan Reserve records as an expense over the 3 year vesting period, the value of the DTI Employee Share Plan shares issued. The expense for the current financial year is for the full year (2016: pro-rated amount from 15 April to 30 June 2017).

	2017 $	2016 $
Foreign currency translation reserve		
Balance 1 July	(135,364)	(78,637)
Currency translation differences – current year	587,176	(56,727)
Balance 30 June	451,812	(135,364)

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

	2017 $	2016 $
Retained earnings/(accumulated losses)		
Movements in retained profits were as follows:		
Balance 1 July	1,063,975	1,032,417
Net (loss)/profit for the year	(5,847,874)	31,558
Balance 30 June	(4,783,899)	1,063,975

Note 17: Share-based payments

Shares in the DTI Employee Share Plan (DESP) were issued to employees. Details of the DESP are in Note 13. No share based payments were made during the year ended 30 June 2017.

	2017 Allocated	2017 Avail. To Allocate	2016 Allocated	2016 Avail. To Allocate
Opening Balance	1,891,000	109,000	–	–
Shares Granted	–	–	–	2,000,000
Shares allocated	–	–	1,891,000	(1,891,000)
Shares vested to employees	–	–	–	–
Shares forfeited	(255,000)	255,000	–	–
Shares available/ Closing Balance	1,636,000	364,000	1,891,000	109,000

These represent total fair value of shares to be issued under the DESP.

The former share option plan has been replaced by the new DTI Employee Share Plan. There are no longer any share options on issue.

Note 18: Capital and leasing commitments

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 9). 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.

(a) Finance lease commitments

The Company signed two motor vehicle leases commencing in April 2014 and three motor vehicle leases commencing in November 2014. The leases are with Capital Finance Australia Ltd for a period of five years with lease payments paid monthly in advance. There are no terms of renewal, purchase options or escalation clauses in respect of the leases.

In December 2015 and April 2016, DTI negotiated chattel mortgage loans with the ANZ bank to finance the purchase of specialised technical equipment for R&D. The total amount utilised under the facility is $517,735 at interest rates of 3.99% and 3.90% respectively. The loans are repayable monthly over a 36 month period.

Note 18: Capital and leasing commitments (cont'd)

	2017 $	2016 $
Minimum finance lease payable:		
Not later than 1 year	480,875	202,427
Later than 1 year but not later than 5 years	43,165	323,954
Minimum lease payments	524,040	526,381
Future finance charges	(18,444)	(35,269)
Present value of minimum lease payments	505,596	491,112

(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 was offered an early lease sign-on benefit in August 2016, which extended the lease until 2022.

DTI EMEA Ltd signed an operating lease in November 2014 for the lease, commencing 1 January 2015, 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.

	2017 $	2016 $
Non-cancellable operating lease payable:		
Not later than 1 year	138,946	146,220
Later than 1 year but not later than 5 years	466,665	592,997
	605,611	739,217

Note 19: Contingent liabilities

	2017 $	2016 $
Bank guarantees for unconditional undertaking of contracts	400,063	400,063

The Company has given bank guarantees relating to performance requirements of contracts.

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 (2016:$107,800) is included in the amounts above.

Note 20: 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 21: 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;
- 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.

(Loss)/Earnings per share	**2017 Cents per Share**	**2016 Cents per Share**
Basic (loss)/earnings per share (cents per share)	(5.32)	0.03
Diluted (loss)/earnings per share (cents per share)	(5.32)	0.03

Reconciliation of earnings used in calculating earnings per share	**2017 $**	**2016 $**
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	(5,847,874)	31,558

Weighted average number of shares used as the denominator	**2017 Number of Shares**	**2016 Number of Shares**
Weighted average number of ordinary shares used in calculating basic earnings per share	91,627,118	91,627,118
Weighted average additional shares issued during the period	18,301,836	–
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	109,928,954	91,627,118

Note 22: Related-party transactions

(a) Key management personnel

	2017 $	2016 $
Compensation by category: key management personnel		
Short-term benefits	930,922	835,412
Long-term benefits	5,954	5,954
Post-employment benefits	64,670	58,908
Share based payments	6,527	16,850
	1,008,073	917,124

Computershare Investor Services Pty Limited provides share registry service to DTI. Chris Morris (Non-Executive Chairman of DTI) is also a Non-Executive Director of Computershare Limited. DTI paid Computershare Investor Services Pty Limited a total amount of $52,380 during the current year. An amount of $29,001 (2016: nil) was paid in relation to the capital raising and $23,379 (2016: $16,829) relates to normal trading activities. Transactions with Computershare Investor Services Pty Limited are based on normal commercial terms and conditions.

Detailed remuneration disclosures are provided in the remuneration report on pages 14 to 23.

(b) Subsidiaries

The consolidated financial statements include the following subsidiaries:

Name	Incorporation	Shares	Equity % 2017	Equity % 2016
DTI Capital Pty Ltd	Australia	Ordinary	100	100
Virtual Observer Pty Ltd	Australia	Ordinary	100	100
DTI EMEA Ltd [(ii)]	UK	Ordinary	100	100
DTI USA Holdings Inc	USA	Ordinary	100	100
DTI USA Inc [(i)]	USA	Ordinary	100	100

(i) This entity is owned by DTI USA Holdings Inc.

(ii) On 11 July 2017, DTI EMEA Ltd incorporated a wholly owned subsidiary in South Africa, Digital Technology International (SA) Proprietary Limited.

Note 23: Parent entity financial information: DTI Group Ltd

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

	2017 $	2016 $
Statement of Financial Position		
Assets		
Current assets	15,522,564	12,359,821
Non-current assets	13,492,442	8,618,500
Total assets	29,015,006	20,978,321
Liabilities		
Current liabilities	6,523,732	5,220,060
Non-current liabilities	1588,341	1,064,456
Total liabilities	8,145,036	6,284,516
Net Assets	20,869,970	14,693,805
Shareholders' equity:		
Issued capital	24,969,359	13,723,974
Employee share plan reserve	202,373	41,222
(Accumulated losses)/retained earnings	(4,301,762)	928,609
Total Equity	20,869,970	14,693,805
Statement of Profit or Loss and Other Comprehensive Incomes		
Loss for the year	(5,230,371)	(381,026)
Other comprehensive loss	–	–
Total comprehensive loss	(5,230,371)	(381,026)

Note 24: Summary of significant accounting policies

Statement of Compliance

This financial report includes the consolidated financial statements and notes of the 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 65 dated 29 August 2017.

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.

Refer to Note 24(h) for future disclosure on significant accounting estimates and judgement.

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 2017 and the comparative information presented in these financial statements for the year ended 30 June 2016.

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.

Note 24: Summary of significant accounting policies (cont'd)

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) 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 5 & 7) 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.

(c) 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.

(d) 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').

Note 24: Summary of significant accounting policies (cont'd)

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 or 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.

(d) Foreign currency (cont'd)

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.

(e) 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.

Note 24: Summary of significant accounting policies (cont'd)

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.

(f) Comparative Figures

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

(g) 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 2016:

- AASB 2015-4 Amendments to Australian Accounting Standards.
- Financial Reporting Requirements for Australian Groups with a Foreign Parent.

The adoption of this standard does not have any impact on DTI.

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 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.

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 Jun 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 Jun 19

Note 24: Summary of significant accounting policies (cont'd)

AASB Amendment	Affected Standard(s)	Nature of Change to Accounting Policy	Impact	Application Date of Standard	Application Date for Group (Year ended)
Interpretation 22	Foreign Currency Transactions and Advance Consideration	Where foreign currency consideration is received or paid in advance under AASB 121 The Effects of Changes in Foreign Exchange Rates, the interpretation clarifies that the related asset, expense or income is recognised using the exchange rate on the date that the non-monetary asset (prepayment) or non-monetary liability (deferred income) is initially recognised.	The entity currently recognises assets, expenses and income arising from advance receipts and payments in a foreign currency at the exchange rate on the date that they qualify for recognition under Australian Accounting Standards (i.e. the date that the prepayment and deferred income amounts are derecognised). Any difference between the amounts recognised for assets, expenses and income and the related prepayment and deferred income is recognised in profit or loss. From 1 July 2018, assets, expenses and income will be recognised on derecognition of prepayments and deferred income at the exchange rate on the date that the prepayment or deferred income was originally paid or received. Comparatives will not be restated.	1 Jan 18	30 Jun 19

Note 24: Summary of significant accounting policies (cont'd)

AASB Amendment	**Affected Standard(s)**	**Nature of Change to Accounting Policy**	**Impact**	**Application Date of Standard**	**Application Date for Group (Year ended)**
AASB 16	Leases	AASB 16 eliminates the operating and finance lease classifications for leases currently accounted for under *AASB 117 Leases.* It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.	To the extent that the entity, as lessee, has operating leases outstanding at the date of initial application, 1 January 2019, right-of-use assets will be recognised for the amount of the unamortised portion of the useful life, and the lease liabilities will be recognised at the present value of the outstanding lease payments. Thereafter, earnings before interest, depreciation, amortisation and tax (EBITDA) will increase because operating lease expenses currently included in EBITA will be recognised instead as amortisation of the right-of-use asset, and interest expense on the lease liability. However, there will be an overall reduction in net profit before tax in the early years of a lease because the amortisation and interest charges will exceed the current straight line expense incurred under *AASB 117 Leases*. This trend will reverse in the later years. The Group will make a more detailed assessment of the impact over the next 12 months.	1 Jan 19	30 Jun 20

Note 24: Summary of significant accounting policies (cont'd)

(h) Significant accounting estimates and judgements

Revenue recognition

In accordance with the accounting policy detailed in Note 2 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 2017 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 2017.

Inventory obsolescence

Inventories are accounted for in accordance with the accounting policy detailed in Note 8. Where the net realisable value of inventory is lower than its cost the Company recognises a provision for inventory obsolescence. Where stock has been held for three consecutive years with no movement and/or stock sold in a 12 month period is less than 20 per cent of the stock on hand, a provision for obsolescence is taken up. At 30 June 2017 management has determined that a provision for inventory obsolescence of $163,987 (2016:$139,120) 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 10. At 30 June 2017 management has assessed that all of the net capitalised development expenditure carried forward at year end, of $5,291,133 (2016:$4,128,417), 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 lifes (5 to 10 years). Amortisation commences when the asset is available for commercial sale.

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 dated at which they are granted. The fair value is the ASX share price.

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 10.

Note 24: Summary of significant accounting policies (cont'd)

(i) Auditor's remuneration

	2017 $	2016 $
BDO Audit (WA) Pty Ltd		
Remuneration of the auditors of the entities for:		
Auditing or reviewing the current year financial report	50,000	49,045
Auditing or reviewing the half year review	25,771	15,590
	75,771	64,635
BDO LLP		
Remuneration of the auditors of the entities for:		
Auditing or reviewing the current year's financial report	21,497	17,979
Non-audit services performed by BDO during the year comprise:		
DTI EMEA Ltd Tax Consulting	8,610	6,271
Employee Share Plan Consulting	600	1,625

Note 25: 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 24 to 64 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 2017 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 managing director / 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:

Peter Tazewell
Managing Director

29 August 2017, Perth, Australia

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Subiaco, WA 6008
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INDEPENDENT AUDITOR'S REPORT

To the members of DTI Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DTI Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of inventory

Key audit Matter	How the matter was addressed in our report
Inventories, as disclosed in note 8 of the financial report are a significant asset of the Group and at 30 June 2017 representing 27% of total assets. In accordance with AASB 102 Inventories, inventories shall be measured at the lower of cost and net realisable value. As a consequence, management have raised a provision for inventory obsolescence. This area is considered a key audit matter given the nature of inventories, the total value held and the level of management judgement involved in provisioning for obsolescence.	Our procedures included, but were not limited to: • Selecting a sample from the inventory list and agreeing to purchase invoices to ensure inventory items are initially recorded at their acquisition cost; • Assessing the net realisable value of inventories, by selecting items on a sample basis and comparing to the estimated selling price (less estimated costs of completion and estimated selling costs); • Assessing management's estimation of costs to complete work in progress and anticipated selling costs of inventory based on sales contracts; • Reviewing the inventory aging report to understand the nature and amount of any inventory provisioning for aged inventory; • Making enquiries of management regarding obsolete and slow moving inventory items, including inspecting the condition of inventory on hand to confirm saleability; and • Assessing the adequacy of financial report disclosures.

Recoverability of trade receivables

Key audit Matter	How the matter was addressed in our report
Trade receivables as disclosed in note 5 of the financial report represent a significant asset to the Group as at 30 June 2017. This area is considered a key audit matter due to the significant increase in trade receivables, declining sales and significant management judgement in estimating the collectability of amounts overdue past agreed upon credit terms.	Our procedures included, but were not limited to: • Checking on a sample basis that receivables recognised at 30 June 2017 have been paid subsequent to reporting date; • Reviewing terms and conditions for customers that have renegotiated payment terms with the Group;

	• Challenging management's assumptions regarding the level provisioning against the ageing of receivables; and • Assessing the adequacy of financial report disclosures.

Capitalisation of intangible assets

Key audit Matter	How the matter was addressed in our report
As disclosed in note 10, development costs of $5,291,133 have been capitalised as an Intangible Asset, including development costs of $4,549,451 capitalised during the year. The capitalisation of these internally generated development costs is a key audit matter due to the significance of the costs capitalised and the specific criteria that are required to be met for capitalisation under the accounting standard AASB 138 Intangibles. This involves management judgement such as with respect to technical feasibility, intention and ability to complete the intangible asset, ability to use or sell the asset, generation of future benefits and the ability to measure the costs reliably and whether costs, including payroll costs, were directly attributable to relevant projects. In addition, management judgement is also required in estimation of useful lives of the completed projects.	Our procedures included, but were not limited to: • Holding discussions with management to understand the nature and feasibility of key projects as 30 June 2017; • Evaluating the key assumptions used for estimates made in capitalising development costs, including assessment of whether capitalised costs related to the development phase of the project, the generation of probable future economic benefits and the useful economic life attributed to the asset; • On a sample basis, agreeing costs capitalised during the year met the development costs criteria; and • Assessing the adequacy of financial report disclosures.

Recoverability of intangible assets

Key audit Matter	How the matter was addressed in our report
Note 10 to the financial report discloses the individual intangible assets and the assumptions used by the Group in testing these assets for impairment. This was determined to be a key audit matter as management's assessment of the recoverability of the intangible assets is supported by a value in use cash flow forecast which requires estimates and judgements about future performance. These include judgements and estimates over the expectation of future revenues, anticipated gross profit margin, growth rates expected and the discount rate applied.	Our procedures included, but were not limited to the following: • Assessing the appropriateness of the Group's categorisation of Cash Generating Units (CGUs) and the allocation of assets to the carrying value of CGUs based on our understanding of the Group's business and the Group's internal reporting; • Evaluating management's ability to accurately forecast cash flows by assessing the precision of the prior year forecasts against actual outcomes; • Challenging key inputs used in the discounted cash flows calculations including the following: ▪ In conjunction with our valuation specialist, comparing the discount rate utilised by management to an independently calculated discount rate; ▪ Comparing growth rates with historical data and economic and industry growth forecast; ▪ Comparing the Group's forecast cash flows to the board approved budget; ▪ Performing sensitivity analysis on the revenue, growth rates and gross profit margins and discount rates; and Evaluating the adequacy of related disclosures in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in annual financial report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 24 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of DTI Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 29 August 2017

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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 2017, 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 2017

Corporate directory

Directors	Neil Goodey	Non-Executive Chairman
	Peter Tazewell	Managing Director and Chief Executive Officer
	Richard Johnson	Executive Director
	Glyn Denison	Non-Executive Director
	Chris Morris	Non-Executive Director
	Jeremy King	Non-Executive Director

Company Secretary Raj Surendran

Registered and Principal Office
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Auditor
BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

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

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

Bankers
Australia and New Zealand Banking Group Limited
Allendale Square
77 St Georges Terrace
Perth WA 6000

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

Additional ASX Information

The shareholder information set out below was applicable at 28 August 2017.

Ordinary Share Capital

126,671,579 fully paid ordinary shares held by 1,164 individual shareholders. All issued ordinary shares carry one vote per share and are entitled to dividends.

Distribution of Holders of Equity Securities

Size of Holding	Number of Shareholders	Percentage of Shareholding
1 – 1,000	36	0.00
1,001 – 5,000	353	0.77
5,001 – 10,000	263	1.67
10,001 – 100,000	408	11.65
100,001 and over	104	85.91
Total	**1,164**	**100.00**

There were 251 holders of less than a marketable parcel of ordinary shares.

Twenty Largest Registered Shareholders

Name	Number of Shares	Percentage of Issued Shares
INVIA CUSTODIAN PTY LIMITED <THE MORRIS FAMILY A/C>	24,209,506	19.11
JP MORGAN NOMINEES AUSTRALIA LIMITED	23,061,233	18.21
BLUEKARA PTY LTD <GOODEY FAMILY A/C>	4,646,880	3.67
INDUCAM NV/C	3,648,869	2.88
LEGRANDE INVESTMENTS PTY LTD	3,358,485	2.65
LTC MANAGEMENT PTY LTD <LTC SUPERANNUATION FUND>	2,453,785	1.94
MR GLYN DENISON <GLYN DENISON FAMILY A/C>	1,955,660	1.54
DTI CAPITAL PTY LTD	1,952,975	1.54
MR NEIL EDWARD GOODEY	1,928,318	1.52
FINESHORE PTY LTD <TUFILLI FAMILY A/C>	1,894,683	1.50
WOOD STREET PTY LTD	1,785,227	1.41
BOND STREET CUSTODIANS LIMITED <SMET - D02102 A/C>	1,400,000	1.11
SUPER RAB PTY LTD <R A BLACK PERS S/F RAB A/C>	1,400,000	1.11
BERNVILLE PTY LTD	1,300,000	1.03
ANNAPURNA PTY LTD	1,250,000	0.99
THE STEPHENS GROUP PTY LTD	1,237,108	0.98
DALCREST INVESTMENT PTY LTD	1,191,664	0.94
HOLDEX NOMINEES PTY LTD <NO 438 A/C>	1,179,034	0.93
MR NINO ANDONIO TUFILLI	1,144,599	0.90
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,133,416	0.89
Total	**82,131,442**	**64.84**

Substantial Shareholders

The names of substantial shareholders which have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Fully Paid Ordinary Shares	
Name	**Number**	**%**
Finico Pty Ltd & Associates	24,549,506	19.38
UIL Limited	12,468,750	9.84
Neil Goodey	6,575,198	5.20
Adam Smith Asset Management	6,435,343	5.08

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 per cent 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 nil (2016: Nil).

On-market Buyback

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

Company Secretary Raj Surendran

Registered and Principal Office
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Perth Airport WA 6105
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Facsimile: (08) 9479 1190
Website: www.dti.com.au

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