

APPENDIX 4E AND FINANCIAL STATEMENTS

DTI Group Ltd
30 June 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET



Results for announcement to the market

Appendix 4E

Preliminary Final Report
Period Ended 30 June 2020

Name of entity

DTI Group Ltd

ABN or equivalent company reference

15 069 791 091

Period ended ('Current Period')

30 June 2020
Previous corresponding period: 30 June 2019

Extracts from this report for announcement to the market

				\$000s
Revenues from ordinary activities	Decreased	27%	to	14,085
Loss from ordinary activities after tax attributable to members	Decreased	71%	to	(2,731)
Net loss after tax for period attributable to members	Decreased	71%	to	(2,731)
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:				
<i>Not applicable</i>				

Commentary on Results

For commentary on the results of DTI Group Ltd refer to the attached Audited Annual Report with the details and explanations provided in the accompanying financial statements for the year ended 30 June 2020.

Ratios and Other measures

NTA backing

Net tangible asset backing per ordinary security

Current Period	Previous corresponding Period
\$0.014	\$0.023

Dividends

Date the dividend is payable

N/A

Record date to determine entitlements to the dividend

N/A

Amount per security

Final Dividend:

Current year

Previous year

Interim Dividend:

Current year

Previous year

Amount per security	Franked amount per security
nil	nil
nil	nil
nil	nil
nil	nil

Total Dividends

Total Dividend:

Current year

Previous year

Amount per security	Total amount (\$000s)
nil	nil
nil	nil

Control gained over entities having material effect

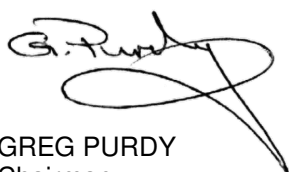
During the year ended 30 June 2020 there was no control gained over entities having material effect on the financial results or financial position of the Consolidated Entity.

Loss of control of entities having material effect

During the year ended 30 June 2020 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. The Independent auditor's report is included in the 2020 Audited Annual Report. Note 19 in the financial report describes the events and conditions which give rise to the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern. The audit opinion is not modified in respect of this matter.



GREG PURDY
Chairman

31 August 2020
Melbourne, Western Australia

Annual Report 2020

D T I G R O U P L T D



2020 Year End Report

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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 2020 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:

Greg Purdy *Independent Non-Executive Chairman*

Qualifications & Experience: Greg Purdy was appointed to the Board on 16 October 2018 and the role of Non-Executive Chairman of DTI on 20 November 2018. Mr Purdy is a member of the Australian Institute of Company Directors.

Mr Purdy is an experienced corporate executive with a strong background in technology and communications companies and execution of major technology projects. Mr Purdy is a former senior executive with Hewlett Packard, Telstra and the Tenix Group.

Other Directorships: Non-Executive Director of NTT DATA Australia.

Steve Gallagher *Independent Non-Executive Director*

Qualifications & Experience: Steve Gallagher was appointed to the Board on 16 October 2018 and is a member of the Australian Institute of Company Directors and holds a Bachelor of Engineering (Honours) from the University of Melbourne and Bachelor of Commerce from Monash University.

Mr Gallagher has experience in industrial automation, building technology, power systems and payment solutions and has held senior executive positions with a range of engineering technology companies including Vix Technology, ERG Ltd and Siemens AG. More recently Steve was a director of Hong Kong listed CCRTT, a Chinese government-controlled corporation specialising in the development of urban rail transit systems and technology applications for intelligent rail transport.

Other Directorships: Non-Executive Director with Optal Ltd, Vix Technology Ltd, KubaPay, Littlepay, Orbital UAV and Snapper Services.

Andrew Lewis *Independent Non-Executive Director*

Qualifications & Experience: Andrew Lewis was appointed to the Board on 16 October 2018. Mr Lewis holds a Bachelor of Economics from Monash University and has a background in real estate, hospitality and project management and currently holds a senior management position with Morris Group, a privately held business operating across tourism, hospitality, renewable energy, finance, technology and aviation.

Other Directorships: None

Chris Afentoulis

Independent Non-Executive Director

Qualifications & Experience:

Chris Afentoulis was appointed to the Board on 19 November 2019. Mr Afentoulis is a qualified chartered accountant and a graduate of the Australian Institute of Company Directors. With more than 15 years' experience in professional services and senior executive positions including finance, management and corporate strategy with a range of IT service and Technology companies.

Other Directorships:

None

Neil Goodey

Independent Non-Executive Director

Qualifications & Experience:

Neil Goodey resigned from the Board on 18 November 2019. Mr Goodey co-founded DTI in 1995 and held the position of Managing Director until 2008.

Over the last 27 years, Mr Goodey has founded and managed a number of successful technology-driven companies. He created the software-focused vision for DTI and worked directly with the Company's engineering team to develop DTI's products and underlying intellectual property.

Other Directorships:

None

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

Company Secretary

Ian Hobson

Mr Ian Hobson was appointed as Company Secretary on 21 February 2019. He is a member of the Institute of Chartered Accountants, Chartered Secretaries Australia and the Australian Institute of Company Directors. My Hobson has previously held senior positions with PwC, Sanford Securities, Ferrier Hodgson and, most recently has owned and operated his own Chartered Accountant and Chartered Company Secretary service.

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:

Directors	Held	Attended
G Purdy	12	12
S Gallagher	12	11
A Lewis	12	12
C Afentoulis¹	8	8
N Goodey²	4	3

1. Mr Afentoulis was appointed to the Board on 19 November 2019.
2. Mr Goodey resigned from the Board on 18 November 2019.

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's customers are transit agencies, transit vehicle manufacturers and transit 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 2020.

		FY20	FY19	FY18	FY17	FY16
Revenue	\$	14,085,266	19,176,894	19,103,076	15,867,660	16,216,338
EBITDA	\$	(2,230,530)	(8,179,879)	(10,127,646)	(3,024,987)	3,645,667
Net profit/(loss) after tax	\$	(2,731,270)	(9,440,710)	(11,384,311)	(5,847,874)	31,558
Share price at start of year	\$	0.03	0.06	0.17	0.39	0.29
Share price at end of year	\$	0.02	0.03	0.06	0.17	0.39
Dividends	cps	-	-	-	-	-
Basic (loss)/ earnings per share	cps	(0.91)	(4.42)	(8.72)	(5.32)	0.03
Return on Capital Employed	%	(42.60)	(153.90)	(65.60)	(13.5)	22.7

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

Review of Financial Condition

FY20 Financial Performance

During the year ended 30 June 2020 DTI recorded revenue of \$14.1 million (2019: \$19.2 million). This represents a 27 per cent decrease compared to the prior year and is attributed to the delay in completion of major projects as a result of the COVID-19 pandemic. DTI's revenue continues to be largely dependent upon capital projects during the year. There is an ongoing focus on securing revenue from maintenance, and software licensing. Revenue from these sources were \$2.3 million (2019: \$2.5 million) which represents a 6 per cent decrease compared to the prior year. Sale on products of \$4.03 million (2019:\$8.3 million) which represents a 51 per cent decrease compared to prior year were predominantly hampered by the COVID-19 worldwide disruption to the supply chain resulting in slow down of sales in this sector.

DTI recorded negative EBITDA of \$2.2 million for the year ended 30 June 2020 (2019: negative \$8.2 million). Reported EBITDA was adversely impacted by the identification and additional impairment of several older contracts with low or negative margins and a warranty claim due to a fleet-wide defect equipment failure.

Corporate overheads of \$2.3 million (2019: \$3.4 million) decreased by 31 per cent compared to prior year. This decrease is largely due to decreases in employee benefits, legal, professional and consulting fees. Overall employee benefits for the group has reduced to \$6.1 million (2019: \$7.4 million) which was 17 per cent lower than prior 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	FY20	FY19
	\$	\$
EBIT	(2,697,174)	(9,535,657)
Depreciation/Amortisation	466,644	1,355,778
Reported EBITDA	(2,230,530)	(8,179,879)
R&D Grant	-	(452,882)
Jobkeeper payment	(396,000)	-
Cash flow boost income	(50,000)	-
Impairment of intangible assets	-	1,493,687
Impairment of inventories	-	2,668,910
Impairment of trade receivables	-	348,326
Impairment of contract costs	1,402,733	500,000
Restructuring costs/(reversal)	(245,867)	500,000
Warranty claim	664,433	-
Underlying EBITDA	(855,231)	(3,121,838)

The underlying EBITDA loss of \$0.86 million in current year has improved by \$2.26 million compared to the previous year's underlying EBITDA loss of \$3.12 million. The improvement is primarily attributable to:

- i) Reduction in operational overhead costs;
- ii) Reduction in corporate overhead costs;
- iii) Reduction in employee costs;
- iv) Reduction in depreciation/amortisation costs; and
- v) Reduction in total impairment expense due to better quality of new contracts and greater control of older contracts.

Impairment of contract costs: Regular reviews of capitalised contract costs have been undertaken to ensure that its carrying value exceeds its recoverable amounts. Capitalised contract costs are impaired if its recoverable amount is lower than its carrying amounts. The capitalised contract costs are not considered to be recoverable if the projects are forecasted to make negative gross margins.

Warranty claim: A warranty claim was brought about by a major customer following the fleet-wide defect of a component that required a fleet wide replacement. A claim has been submitted to our insurance company and is pending further review. The Company has provided a provision in relation to this warranty claim.

Cash Flow

During the year, DTI generated negative cash flow from operations of \$1.16 million (2019: negative \$0.96 million). Net cash inflow for the year was \$0.65 million. Key factors impacting on net cash flow included:

- i) Capital injection of \$3.0 million from shareholders.
- ii) \$0.93 million has been allocated to support bank guarantees as required to fulfill contract obligations.

- iii) Capital R&D activities have been reduced (as resources focus primarily on existing rail projects or those that can use existing products) compared to prior year of \$2.02 million;
- iv) 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 has reduced focus on the more complex Rail projects requiring bespoke engineering.
- v) On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus and the risks to the international community as the virus spreads globally beyond its point of origin. Due to the rapid increase in global exposure, WHO classified the COVID-19 outbreak as a pandemic. Besides the serious public health threat that has arisen from the outbreak of COVID-19, it continues to have serious economic impacts on many of DTI's suppliers. The impact of COVID-19 has resulted in the constraint in DTI's supply chain cycle, resulting in a delay in our cash inflow and the deferral of significant project revenue to next financial year.

Financial Position

As at the end of the financial year, DTI maintained positive cash reserves of \$2.7 million and sufficient levels of liquid working capital. DTI has no term debt and the only financial indebtedness relates to insurance premium funding.

Review of principal business

DTI services the global mass transit market. 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 FY21 and beyond.

Operational performance

Throughout the FY20 DTI won a number of significant new contracts on the basis of its unique product offering. DTI was awarded the following projects which we expect to improve the Company's overall margin as they are delivered :

- Alstom India Limited for the design, manufacture and supply of a public address, closed circuit television and information system (PACIS) in support of the Sydney Metro Southwest rail project, with expected revenue in excess of \$11.0 million to be derived over the next 18 months;
- Xtrapolis Class Train Hearing Aid Loop Upgrade Project with MTM for a contract value of \$1.7 million; and
- Two-year contract for the Brisbane City Council Bus Maintenance for CCTV systems with an annual value of \$0.69 million.

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.

Significant changes in state of affairs

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.

Outlook

Opportunity Pipeline

DTI continues to enjoy strong demand for its products and services with an Opportunity Pipeline exceeding \$50 million. FY20 was a challenging year for the Group with a significant focus on reducing overheads and introducing operational efficiencies that have positioned the business strongly to drive future revenue growth. Efforts to position DTI with major rail and bus providers should continue to develop into new projects and service opportunities in FY21. A large number of markets indicate major new investment in either new fleets or retrofit of existing fleets. This should position DTI well, as DTI has a proven suite of products that can be offered for these opportunities.

Order Book

DTI continued to secure new projects including a large rail project with Alstom for new trains in Sydney. This project includes core technology offerings for passenger information, hearing loop, CCTV and emergency communications. The X'trapolis class train hearing aid loop project for Metro Trains Melbourne (MTM) was also secured.

Smaller product and project sales across Europe continued to be awarded to DTI through our system integrator network. Ongoing orders for digital recording systems for new buses in Australia through key bus manufacturers was also a highlight.

Business Strategies

DTI's business strategy to develop innovative hardware and software products for the transit industry covering passenger information, multi-use digital video recording and emergency communications systems has resulted in a suite of products and solutions ready for the global transit market. DTI will continue to seek new projects in selected markets to capitalise on these new offerings.

Into FY21, DTI will focus on its existing customer base and concentrate on improving its delivery of projects together with ensuring we secure long term maintenance and support agreements.

Product development focus will include exciting new software analytics offerings that will assist operators and governments in monitoring passengers are complying with COVID-19 guidelines.

Future Developments

With regards to its current balance of contracted work, DTI expects to deliver improved revenue and gross margin during the second half of FY21 as a number of projects move into final delivery stages. Focus on growing DTI's service businesses to deliver improved customer service outcomes and increased gross margin contributions to the overall DTI business, will continue. 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. Cost control across the business will continue to receive attention.

Dividends

In respect of the financial year ended 30 June 2020, 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

The impact of the COVID-19 pandemic is ongoing and while we have disclosed its impact on the Group's results up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No matters or circumstances 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.

Likely developments and expected results of operations

The Group will continue to pursue its policy of developing closed circuit TV, 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.

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
G Purdy	Nil	Nil	Nil
S Gallagher	Nil	Nil	Nil
A Lewis	1,875	Nil	Nil
C Afentoulis	Nil	Nil	Nil
N Goodey¹	n/a	Nil	Nil

1. Mr Goodey resigned from both the Board and ceased to be KMP on 18 November 2019.

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 2020 were \$6,605 (2019: \$7,593) in relation to UK Tax services.

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 71 and forms part of the Directors' report for the financial year ended 30 June 2020.

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 2020.

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 G Purdy

Mr S Gallagher

Mr A Lewis

Mr C Afentoulis (Appointed to board on 19 November 2019)

Mr N Goodey (Resigned from the board on 18 November 2019)

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 M Strack (Chief Executive Officer – Appointed on 20 January 2020)

Mr F Havelka (Interim Chief Executive Officer – Resigned on 31 January 2020)

Ms M Kong (Chief Financial Officer)

Mr R Johnson (Commercial Director – Resigned on 14 August 2019)

Audited Remuneration Report

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.

Remuneration Policy

Non-Executive Directors

Non-Executive Directors receive a Board fee 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.

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. The maximum annual aggregate Directors' fee pool limit is \$250,000 and the current total is well under this amount. Fees will be reviewed annually by the Board in the future.

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 in the past 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. During the financial year the incoming Chief Executive Officer was a participant of the MCP.

Audited Remuneration Report

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.

As detailed in this report, no DTI executives received any STI or LTI payments in respect of FY20.

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.

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 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 FY20, 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	
	2020	2019	2020	2019	2020	2019
	%	%	%	%	%	%
Matthew Strack <i>Chief Executive Officer</i>	63.2	n/a	15.8	n/a	21.0	n/a
Frank Havelka <i>Interim Chief Executive Officer</i>	100.0	100.0	n/a	n/a	n/a	n/a
Michelle Kong <i>Chief Financial Officer</i>	100.0	100.0	n/a	n/a	n/a	n/a
Peter Tazewell <i>Managing Director</i>	n/a	63.3	n/a	15.8	n/a	20.9
Richard Johnson <i>Executive Director</i>	99.0	63.2	n/a	15.8	1.0	21.0
Raj Surendran <i>Chief Financial Officer</i>	n/a	100.0	n/a	n/a	n/a	n/a

Audited Remuneration Report

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 FY20:

- 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.

During the last quarter of FY20, the current Non-Executive Directors and Officers were subjected to the following for a period of up to six months:

- 10 per cent reduction in their directors fees or annual salary; and
- 10 per cent deferral in their directors fees or annual salary.

The deferred amount will be repaid back by the Company over a six-month period commencing from second to third quarter in FY 21.

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			
		\$	\$	\$	\$	\$	\$	\$	%
Non - Executive Directors									
G Purdy (Chairman)	2020	48,329	-	48,329	-	-	-	48,329	0.0%
	2019	33,288	-	33,288	-	-	-	33,288	0.0%
S Gallagher	2020	29,000	-	29,000	-	-	-	29,000	0.0%
	2019	21,250	-	21,250	-	-	-	21,250	0.0%
A Lewis	2020	29,000	-	29,000	-	-	-	29,000	0.0%
	2019	21,250	-	21,250	-	-	-	21,250	0.0%
C Afentoulis ¹	2020	17,500	-	17,500	-	-	-	17,500	0.0%
	2019	-	-	-	-	-	-	-	n/a
N Goodey ²	2020	11,500	-	11,500	1,093	-	-	12,593	0.0%
	2019	36,090	-	36,090	3,429	-	-	39,519	0.0%
G Denison ³	2020	-	-	-	-	-	-	-	n/a
	2019	14,583	-	14,583	-	-	-	14,583	n/a
J King ⁴	2020	-	-	-	-	-	-	-	n/a
	2019	21,853	-	21,853	-	-	-	21,853	n/a
Executive Directors/Officers									
M Strack ⁵ (CEO)	2020	126,538	-	126,538	10,501	-	-	137,039	0.0%
	2019	-	-	-	-	-	-	-	n/a
FJ Havelka ⁶ (Interim CEO)	2020	199,056	-	199,056	12,837	-	-	211,893	0.0%
	2019	29,270	-	29,270	2,375	-	-	31,645	0.0%
I Hobson (Co. Secretary)	2020	27,740	-	27,740	-	-	-	27,740	0.0%
	2019	3,900	-	3,900	-	-	-	3,900	0.0%
M Kong (CFO)	2020	188,500	-	188,500	17,908	-	-	206,408	0.0%
	2019	45,000	-	45,000	4,275	-	-	49,275	0.0%
PJ Tazewell ⁷ (MD & CEO)	2020	-	-	-	-	-	-	-	n/a
	2019	300,000	-	300,000	20,531	-	3,500	324,031	1.1%
R Johnson ⁸ (Commercial Exec)	2020	31,479	-	31,479	2,777	487	-	34,743	0.0%
	2019	287,177	-	287,177	22,248	12,662	1,167	323,254	0.4%
R Surendran ⁹ (CFO/Co. Secretary)	2020	-	-	-	-	-	-	-	0.0%
	2019	155,171	-	155,171	14,094	-	1,167	170,432	0.7%
Total	2020	708,642	-	708,642	45,116	487	-	754,245	
Total	2019	968,832	-	968,832	66,952	12,662	5,834	1,054,280	

Audited Remuneration Report

1. Mr Afentoulis was appointed to the Board on 19 November 2019.
2. Mr Goodey resigned from the Board on 18 November 2019.
3. Mr Denison resigned from the Board on 20 November 2018.
4. Mr King resigned from the Board on 17 January 2019.
5. Mr Strack commenced as CEO on 20 January 2020.
6. Mr Havelka commenced as Interim CEO on 31 May 2019 and resigned on 31 January 2020.
7. Mr Tazewell resigned from both the Board and ceased to be KMP on 30 June 2019.
8. Mr Johnson resigned from the Board on 16 October 2018 and ceased to be KMP on 14 August 2019.
9. Mr Surendran resigned as Company Secretary on 8 February 2019 and ceased to be a KMP on 4 March 2019.

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
Matthew Strack	\$321,003	Yes	Ongoing	Four weeks	None
Frank Havelka¹	\$372,242	No	Ceased	Four weeks	None
Michelle Kong	\$213,525	No	Ongoing	Four weeks	None
Peter Tazewell	\$325,000	Yes	Ceased	Four weeks	None
Richard Johnson	\$262,800	Yes	Ceased	Four weeks	None
Raj Surendran	\$240,900	No	Ceased	Four weeks	None

1. Mr Havelka's package includes \$51,240 per annum of remote allowance for living in Perth.

* Refer page 15 and 16 for details of MCP plan and criteria.

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

Audited Remuneration Report

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:

2020	Balance at 1 July 2019 No.	Granted as Remuneration No.	On Exercise of Options No.	Net Other Change No.	Balance at 30 June 2020 No.
Directors					
G Purdy	-	-	-	-	-
S Gallagher	-	-	-	-	-
A Lewis	1,875	-	-	-	1,875
C Afentoulis ¹	n/a	-	-	-	-
N Goodey ²	6,575,198	-	-	-	n/a
Executives					
M Strack ³	n/a	-	-	-	-
F Havelka ⁴	-	-	-	-	-
I Hobson	-	-	-	-	-
M Kong	-	-	-	-	-
R Johnson ⁵	841,344	-	-	-	n/a

1. Mr Afentoulis was appointed to the Board on 19 November 2019, and the presentation in this table may not indicate the status of his shareholding at the beginning of the relevant reporting period.
2. Mr Goodey ceased to be a KMP on 18 November 2019 and the presentation in this table may not indicate the status of his shareholding at the end of the relevant reporting period.
3. Mr Strack commenced as KMP from 20 January 2020, and the presentation in this table may not indicate the status of his shareholding at the beginning of the relevant reporting period.
4. Mr Havelka ceased as KMP from 31 January 2019, and the presentation in this table may not indicate the status of his shareholding at the end of the relevant reporting period.
5. Mr Johnson ceased to be a KMP on 14 August 2019 and the presentation in this table may not indicate the status of his shareholding at the end of the relevant reporting period.

DTI Employee Performance Rights

On 20 November 2018 during the Annual General Meeting of Shareholders, it was resolved that DTI would be permitted to issue performance rights, options and restricted shares under a new DTI Group Limited Equity Plan. The Company has established the Plan to assist in the motivation, retention and reward of employees and replaces the DESP.

The Plan is designed to align the interests of executives and employees with the interests of shareholders by providing an opportunity for the participants to receive any equity interest in the Company. At the date of this report 273,000 shares and 925,000 Performance Rights have been granted under this plan.

Audited Remuneration Report

The performance rights have a three-year vesting period and will be subject to a relative total shareholder return hurdle (RTSR Hurdle), which compares the total shareholder return performance of the Group with each of the entities within the S&P/ASX Small Ordinaries Index. The performance rights are valued using a hybrid option pricing model. The model uses a correlated simulation that simultaneously calculates the RTSR of the Company and each constituent of the Peer Group on a risk neutral basis as at the vesting date with regards to the performance period. The fair value at grant date each performance right issued was \$0.035.

Company's RTSR percentile rank against comparator group	Vesting percentage
Less than 50 th	Nil
At 50 th	50%
Between 50 th and 75 th	50 – 100% on a straight-line basis
At 75 th	100%

Reliance on External Remuneration Consultants

There has not been any reliance on external remuneration consultants.

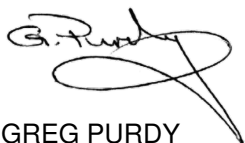
Adoption of Remuneration Report

At the 2019 Annual General Meeting, the resolution adopting the 2019 Remuneration Report was carried unanimously.

The Company received more than 99.7 per cent of “yes” votes on its Remuneration Report for the 2019 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*.



GREG PURDY
Chairman

31 August 2020
Melbourne, Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Sales Revenue	2	14,085,266	19,176,894
Cost of Goods Sold		(12,661,659)	(17,790,673)
Gross Margin		1,423,607	1,386,221
Operational overheads		(691,041)	(2,979,000)
Impairment costs	2	(1,402,733)	(5,010,923)
Other income	2	1,415,007	1,774,903
Other expenses	2	(664,433)	–
Corporate overheads		(2,310,937)	(3,351,080)
Depreciation/amortisation	2	(466,644)	(1,355,778)
Net interest and finance gain/(loss)	2	(30,058)	36,315
Net Loss Before Tax		(2,727,232)	(9,499,342)
Tax (expense)/benefit	3	(4,038)	58,632
Net Loss After Tax		(2,731,270)	(9,440,710)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss:			
Exchange differences		(385,674)	15,699
Total other comprehensive (loss)/income		(385,674)	15,699
Total comprehensive loss for the period		(3,116,944)	(9,425,011)
Total comprehensive loss is attributable to:			
Owners of DTI Group Ltd		(3,116,944)	(9,425,011)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)	22	(0.91)	(4.42)
Diluted loss per share (cents per share)	22	(0.91)	(4.42)

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 2020

	Note	2020 \$	2019 \$
Current assets			
Cash and cash equivalents	4	2,701,353	2,033,105
Trade and other receivables	5	4,674,283	3,580,653
Contract assets	2	31,675	441,919
Contract costs	2	628,754	1,376,690
Inventories	8	4,446,166	5,626,252
Other current assets		696,834	167,391
Total current assets		13,179,065	13,226,010
Non-current assets			
Other receivables	5	505,041	–
Property, plant and equipment	9	141,593	421,934
Intangible assets	10	348,076	261,309
Right of use asset	18	254,130	–
Total non-current assets		1,248,840	683,243
Total assets		14,427,905	13,909,253
Current liabilities			
Trade and other payables	6	4,579,431	4,008,668
Contract liabilities	2	2,724,840	2,745,739
Borrowings	7	85,625	46,842
Provisions	11	1,669,621	1,794,228
Lease liability	18	132,820	–
Total current liabilities		9,192,337	8,595,477
Non-current liabilities			
Provisions	11	–	36,760
Lease liability	18	140,085	–
Total non-current liabilities		140,085	36,760
Total liabilities		9,332,422	8,632,237
Net assets		5,095,483	5,277,016
Equity			
Contributed equity	13	33,885,113	30,955,098
Reserves	16	79,058	459,336
Accumulated losses	16	(28,868,688)	(26,137,418)
Total equity		5,095,483	5,277,016

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 2020

	Contributed Equity \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
At 30 June 2018	30,955,098	324,985	(29,935)	(16,696,708)	14,553,440
Loss for the year	–	–	–	(9,440,710)	(9,440,710)
Other comprehensive loss	–	–	15,699	–	15,699
Total comprehensive loss for the year	–	–	15,699	(9,440,710)	(9,425,011)
Transactions with owners in their capacity as owners					
Recognition of share-based payments	–	148,587	–	–	148,587
At 30 June 2019	30,955,098	473,572	(14,236)	(26,137,418)	5,277,016
Loss for the year	–	–	–	(2,731,270)	(2,731,270)
Other comprehensive loss	–	–	(385,674)	–	(385,674)
Total comprehensive loss for the year	–	–	(385,674)	(2,731,270)	(3,116,944)
Transactions with owners in their capacity as owners					
Recognition of share-based payments	–	5,396	–	–	5,396
Issue of share capital	2,990,868	–	–	–	2,990,868
Capital raising costs	(60,853)	–	–	–	(60,853)
At 30 June 2020	33,885,113	478,968	(399,910)	(28,868,688)	5,095,483

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 2020

	Note	2020 \$	2019 \$
Cash flows used in operating activities			
Receipts from customers		16,305,805	23,834,278
Payments to suppliers and employees		(17,435,207)	(26,392,966)
Interest received		9,799	41,566
R&D grant received		–	1,568,581
Interest paid		(39,857)	(5,251)
Tax paid		(4,038)	(4,890)
Net cash outflow used in operating activities	12(b)	(1,163,498)	(958,682)
Cash flows used in investing activities			
Payments for plant and equipment		(4,707)	(85,381)
Proceeds from sale of property plant & equipment		13,000	–
Payments for intangible assets		(135,774)	(2,016,614)
Net cash outflow used in investing activities		(127,481)	(2,101,995)
Cash flows (used in)/from financing activities			
Proceeds from issues of shares		2,990,868	–
Share issue expenses		(60,853)	–
Proceeds from borrowings		2,037,526	167,910
Repayment of borrowings		(1,998,743)	(234,034)
Payment for leased property		(95,159)	–
Cash deposit associated with the utilisation of banking facility		(930,082)	–
Net cash from/(used in) financing activities		1,943,557	(66,124)
Net increase/(decrease) in cash and cash equivalents			
		652,578	(3,126,801)
Cash and cash equivalents at the beginning of the year		2,033,105	5,130,652
Effect of foreign exchange on opening balances		15,670	29,254
Cash and cash equivalents at the end of the year	12(a)	2,701,353	2,033,105

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 CODM is the Chief Executive Officer (CEO) who 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.

The following is an analysis of the Group’s revenue and results from continuing operations by reportable segment.

Segment Revenues and Results	2020		2019	
	\$		\$	
Sales Revenue	14,085,266		19,176,894	
Cost of Goods Sold	(12,661,659)		(17,790,673)	
Gross Margin	1,423,607		1,386,221	
Gross Margin	10%		7%	
Impairment of intangible assets	–		(1,493,687)	
Impairment of inventory	–		(2,668,910)	
Impairment of trade receivables	–		(348,326)	
Impairment of contract costs	(1,402,733)		(500,000)	
Other Income	1,415,007		1,774,903	
Other Expense	(664,433)		–	
Operational overheads	(691,041)	(2,979,000)		
Corporate overheads	(2,310,937)	(3,001,978)	(3,351,080)	(6,330,080)
EBITDA	(2,230,530)		(8,179,879)	
Depreciation/amortisation	(466,644)		(1,355,778)	
EBIT	(2,697,174)		(9,535,657)	
Net Interest and finance loss	(30,058)		36,315	
Net loss before tax	(2,727,232)		(9,499,342)	
Tax (expense)/benefit	(4,038)		58,632	
Net loss after tax	(2,731,270)		(9,440,710)	

Note 1: Segment information (cont'd)

Segment Assets and Liabilities	2020	2019
	\$	\$
Total Assets & Liabilities		
Consolidated total assets	14,427,905	13,909,253
Consolidated total liabilities	9,332,422	8,632,237
Geographical Assets		
Australia	12,485,458	8,772,154
Others	1,942,447	5,137,099
	14,717,905	13,909,253
Geographical Liabilities		
Australia	8,505,290	5,817,544
Others	827,132	2,814,693
	9,332,422	8,632,237

Major customers

DTI supplies goods and services to a broad range of customers in the transit industry. During the reporting period, four (2019: three) major customers accounted for 50 per cent (2019: 49 per cent) of Group's revenue.

Note 2: Revenue and expenses

A. Significant accounting policy

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

B. Nature of Goods and Services

The following is a description of the principal activities from which the Group generates its revenue.

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Sale of goods only	The Group recognises revenue when the customers obtain control of the goods. This usually occurs when the goods are delivered. The amount of revenue recognised for goods delivered is adjusted for expected returns. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 45 days (credit term). No element of financing is deemed present as the sales are made within standard credit term, which is consistent with market practice. The Group's obligation to provide a refund or replacement for faulty products under the standard warranty terms is recognised as a provision.
Project-based services	<p>Some contracts include multiple deliverables, such as the provision and installation and commission of hardware and software. These multiple deliverables form an integration service and could not be performed by another party, the goods and services represent a single combined performance obligation over which control is considered to transfer over time. This is because the provision of goods and services by the Group enhance an asset (i.e trains or buses) that the customer controls as the asset is enhanced. Revenue is recognised overtime as the customisation or integration work is performed, using the cost to cost input method to estimate progress towards completion. When cost incurred is not proportionate to the entity's progress in satisfying the performance obligation, the input method is adjusted to recognise revenue only to the extent of that cost incurred (For example, goods have been delivered to the customers but installation has not commenced).</p> <p>Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Customers usually pay according to the agreed invoicing schedule or contract milestones. If the goods and services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the goods and services rendered, a contract liability is recognised.</p>
Maintenance and technical support	The Group provides maintenance and technical services. These services are usually bundled together with sales of products or provision of project services to customer. The maintenance and technical support can be obtained from other providers and do not significantly customise or modify the product sold. When this service is bundled together with other services provided by the Group, the Group performed a re-allocation of contract consideration based on the relative stand-alone selling prices of its bundled services. For maintenance and technical support, which is billed based on hourly basis, the Group recognises revenue as the services are performed.

Note 2: Revenue and expenses (cont'd)

C. Disaggregation of Revenue

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

	2020 \$	2019 \$
Primary geographical markets		
Australia	9,584,725	9,603,219
Europe & Others	3,933,333	2,221,484
North America	567,208	7,352,191
	14,085,266	19,176,894
Major products/service lines		
Sale of products	4,026,902	8,275,966
Project-based services	7,720,249	8,431,430
Maintenance	2,338,115	2,469,498
	14,085,266	19,176,894
Revenue recognition		
At a point in time	4,026,902	8,275,966
Over time	10,058,364	10,900,928
	14,085,266	19,176,894

D. Contract balances and contract costs

(i) Definition

Contract Assets

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

Contract Liabilities

The contract liabilities primarily relate to the advance consideration received from customers for project-based service, for which revenue is deferred until revenue can be recognised on the completion of its passenger information system.

Contract Costs

Management expects that incremental costs incurred as a result of obtaining project-based contracts are recovered. These incremental costs of completing a particular project-based contract is capitalised as contract costs and expensed when the related revenue is recognised. The Group have applied the practical expedient in paragraph 94 of AASB 15, the Group recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is one year or less. The Group applies impairment policy on contract costs as stated in Note 10.

An impairment loss of \$1,402,733 (2019: \$500,000) has therefore been recognised for the excess of the capitalised cost over the expected remaining consideration less any directly related costs not yet recognised as expense.

Note 2: Revenue and expenses (cont'd)

(ii) Significant changes in contract assets and contract liabilities

Contract assets have increased as the group has provided more services ahead of the agreed payment schedules for fixed price-contracts.

D. Contract balances and contract costs (cont'd)

Contract liabilities have increased due to the advance consideration received from customers for project-based service, for which revenue is deferred until revenue can be recognised on the completion of its passenger information system.

(iii) Revenue recognised in relation to contract liabilities

Revenue recognised for the year ended 30 June 2020 that was included in the contract liability balance at the beginning of the period is \$2,144,191 (2019: Nil).

The amount of revenue recognised for the year ended 30 June 2020 from performance obligations satisfied (or partially satisfied) in previous periods is nil.

(iv) Unsatisfied long-term contracts

The aggregate amount of transaction price allocated to unsatisfied performance obligations resulting from long-term contracts as at 30 June 2020 is \$32.1 million (2019: \$21.6 million).

Management expects that 66% of the transaction price allocated to the unsatisfied contracts as of 30 June 2020 will be recognised as revenue during the next reporting period. The remaining 34% will be recognised between 2022 to 2025 financial year. The amount disclosed above does not include variable consideration which is constrained.

E. Other Income

	2020 \$	2019 \$
Other Income		
R&D grant (i)	–	452,882
Profit on disposal of assets	13,000	–
Jobkeeper payment (ii)	396,000	–
Cash flow boost income (iii)	50,000	–
Foreign exchange gain	703,279	1,322,021
Other income	6,861	–
Restructuring costs reversal	245,867	–
	1,415,007	1,774,903

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:

(ii) Jobkeeper payment

COVID-19 has presented a fast evolving and significant challenge to global health systems and economies. The Australian Government has provided Jobkeeper Payment to eligible employers who continue to retain their employees. The company meets the requirement for the existing JobKeeper Payment until 27 September 2020. During fourth quarter of FY20, the Company received \$396,000 in JobKeeper Payments from the government.

(iii) Cash flow boosts income

Temporary cash flow boosts were provided by the government to support small and medium businesses and not-for-profit organisations during the economic downturn associated with COVID-19. Eligible businesses who employ staff will receive between \$20,000 to \$100,000 in cash flow boost amounts by lodging their activity statements up to the month or quarter of September 2020. During fourth quarter of FY20, the Company received \$50,000 in cash flow boost amounts from the government.

Note 2: Revenue and expenses (cont'd)

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

	2020 \$	2019 \$
Net interest and finance (loss)/gain		
Interest expense	(7,732)	(5,251)
Interest expense – right of use asset	(32,125)	–
Interest received	9,799	41,566
	<u>(30,058)</u>	<u>36,315</u>
Share-based payment expense		
Employee share based payment expense	(5,396)	(148,587)
Depreciation and amortisation expense		
Depreciation	(285,048)	(778,354)
Depreciation – Right of use assets	(132,589)	–
Amortisation	(49,007)	(577,424)
	<u>(466,644)</u>	<u>(1,355,778)</u>
Impairment expense		
Inventory	–	(2,668,910)
Intangible assets	–	(1,493,687)
Contract cost	(1,402,733)	(500,000)
Trade receivables	–	(348,326)
	<u>(1,402,733)</u>	<u>(5,010,923)</u>
Employee benefits – Wages & Salaries	<u>(6,105,731)</u>	<u>(7,371,133)</u>
Other expenses		
Warranty claim	(664,433)	–

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)

	2020 \$	2019 \$
(a) Income tax benefit		
Current tax expense	4,038	–
Deferred tax	–	(58,632)
Adjustments for current tax of prior periods	–	–
	<u>4,038</u>	<u>(58,632)</u>
(b) Numerical reconciliation of income tax expense (benefit) to prima facie tax receivable		
Loss before income tax benefit	(2,727,232)	(9,499,342)
Prima facie tax benefit on loss at 27.5% (2019:27.5%)	(749,989)	(2,612,319)
Tax effect of:		
R&D tax incentive	–	(124,543)
Other	29,573	(79,642)
Other deductible	(2,195)	–
Other non-deductible	4,556	69,853
Under/over (prior year adjustments and deferred tax)	–	(63,522)
Effect of lower / higher statutory income tax rate in the UK and USA	(73,091)	264,362
Recoupment of prior year losses	(286,224)	–
Current year losses for which no deferred tax assets is recognised	1,338,759	1,768,809
Deferred taxes not brought to account	(257,351)	718,370
	<u>4,038</u>	<u>(58,632)</u>
(c) Deferred income tax balances recognised in the accounts		
Deferred tax liabilities		
Prepayments	(2,999)	–
Unrealised foreign exchange gain	(198,240)	(59,732)
Project WIP	(252,657)	–
Right of use asset	(69,886)	–
Set off of deferred tax liabilities	523,782	59,732
Net recognised deferred tax liability	<u>–</u>	<u>–</u>
Deferred tax assets		
Annual leave provision	104,498	179,794
Long service leave provision	57,329	88,156
Accrued audit fees and other creditors	265,561	238,882
Superannuation provision	31,367	13,111
Capital raising fees	60,784	83,672
Right of use liability	75,049	–
Provision for diminution in trading stock	245,887	417,922
Provision for doubtful debts	93,487	–
Tax losses carried forward	5,073,108	3,229,761
Set off of deferred tax liabilities	(523,782)	(59,732)
Warranty	84,111	97,026
Deferred tax asset not brought to account as realisation is not probable	(5,567,398)	(4,288,592)
Net recognised deferred tax assets	<u>–</u>	<u>–</u>

Note 3: Income tax (cont'd)

Net deferred tax assets are 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.

	2020 \$	2019 \$
(d) Current tax liabilities		
Income tax payable	–	–

Franking credits available for this financial year is \$44,481 (2019:\$44,481).

	2020 \$	2019 \$
(e) Reconciliation		
The overall movement in deferred tax account is as follows:		
Opening balance	–	(63,522)
Charge to statement of profit or loss and other comprehensive income	–	63,522
Closing balance	–	–

Note 4: Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank	2,701,353	2,033,105

Note 5: Trade and other receivables

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

Significant Estimate

Trade Receivable

The loss allowances for trade receivable are based on assumptions about the risk of default and expected loss rates. The group uses judgements in making these assumptions and selecting inputs to the impairment calculation based on group past history of defaults, existing market condition as well as forward looking estimates in each reporting period.

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

	2020 \$	2019 \$
Current		
Trade receivables (net of impairment)	4,008,161	3,452,851
Other debtors	241,081	127,802
Other receivables – cash deposit	425,041	–
	4,674,283	3,580,653
Non Current		
Other receivables – cash deposit	505,041	–

Other receivables – cash deposit includes cash backing deposits associated with the issue of bank guarantee to a major customer and the lessor. These deposits are therefore not available for general use by the Group. Refer to Note 7.

(a) Impaired trade receivables

At 30 June 2020 current trade receivables of the Group with a value of nil (2019: \$348,326) were impaired.

It was assessed that a nominal portion of these receivables is expected to be recovered and the full amount has been provided for.

	2020 \$	2019 \$
<i>Movements in the provision for impairment of receivables are as follows:</i>		
Opening at 1 July	556,530	364,038
Additional impairment recognised from AASB 9 – initial adoption	–	208,202
Receivable written off during the year as uncollectable	–	348,326
Amount recovered	(44,991)	(364,036)
Closing at 30 June	511,539	556,530

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 2020 trade receivables of \$1,039,057 (2019: \$784,333) 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.

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

The ageing analysis of these trade receivables is as follows:

	2020 %	2019 %	2020 \$	2019 \$
Up to 3 months	96	68	1,000,676	531,477
3 to 6 months	4	32	38,381	252,856
	100	100	1,039,057	784,333

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.

(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.

Note 6: Trade and other payables

Trade payables and other payables 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.

	2020 \$	2019 \$
Trade payables	1,979,220	3,375,888
Other payables	1,508,769	538,524
Accrued expenses for project	883,878	–
Superannuation liability	114,064	47,676
Payroll tax liability	93,500	46,580
	4,579,431	4,008,668

Risk exposure

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

Note 7: Borrowings

	2020 \$	2019 \$			
Current Secured:					
Net carrying amount – Premium Funding	85,625	46,842			
	85,625	46,842			
Reconciliation of borrowings arising from financing activities:					
	2019 Opening	Cash flows	Non-cash changes Addition	Fair value changes	2020 Closing
	\$	\$	\$	\$	\$
Shareholder Loan	–	(1,782,236)	1,782,236	–	–
Premium Funding	46,842	(216,507)	255,290	–	85,625
	46,842	(1,998,743)	2,037,526	–	85,625

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.

Shareholder Loan

On 20 August 2019, DTI made a 5 for 9 non-renounceable entitlement offer to raise approximately \$3 million via the issue of approximately 119.6 million new shares at 2.5 cents per share (Entitlement Offer). The Entitlement Offer was underwritten by Finico Pty Ltd and UIL Limited who are major shareholders of the Company. Pursuant to the Underwriting Deeds, the Underwriters also agreed to advance the Underwriter Loans (\$810,552 from UIL and \$971,684 from Finico) to the Company on 20 August 2019, the repayment of which will be satisfied and offset by the Company via the issue of 32,422,088 New Shares to UIL and 38,867,358 New Shares to Finico under the proposed Entitlement Offer.

Premium Funding

In December 2019, the Company financed its insurance premiums with the funds to be repaid within the next 10 months. This facility is secured against the insurance policies.

Financing Facility

The Group had a \$3.5 million, multi-option, multi-currency funding package with the bank. The \$3.5 million facility covers the Group's working capital, bonding and overdraft facilities and encompasses sub-limits for certain facilities. At 30 June 2019, the Group was not in compliance with its banking covenant in relation to its bank guarantee and obtained a waiver from the bank for this. From November 2019, the Group revised its facility to a \$1.55 million bank guarantee facility. Moving forward, the bank requires the Group to provide a cash deposit for an amount equal to the sum of its utilisation of the facility with no requirements to meet any banking covenants. As at 30 June 2020, the utilisation of the facility remains at \$930,082, with the equivalent restricted cash deposit in place. Refer to Note 5.

Note 7: Borrowings (cont'd)

Bank guarantee and insurance bonds

	2020 \$	2019 \$
Bank guarantees for unconditional undertaking of contracts	885,082	885,082
	885,082	885,082

The Company has given bank guarantees relating to performance requirements of contracts. A bank guarantee in relation to this contract of \$760,082 (2019: \$760,082) is included in the amounts above.

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 year notice of any such requirement. A bank guarantee in relation to this contract of \$125,000 (2019: \$125,000) is included in the amounts above.

- Refer to Note 14 for risk exposures and risk management details.
- Refer to Note 15 for capital management details.

Note 8: Inventories

	2020 \$	2019 \$
Raw materials / unassembled stock	5,620,208	8,295,162
Impairment of inventory	–	(2,668,910)
Provision for inventory obsolescence	(1,174,042)	–
	4,446,166	5,626,252

In prior financial year, an impairment adjustment of \$2,668,910 was provided for components and finished goods relating to projects that were not deemed to be recoverable. Of this amount, \$1,174,042 has been reclassified as provision for inventory obsolescence. No further provision for inventory obsolescence (2019: \$Nil) has been 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

	2020 \$	2019 \$
Buildings		
At cost	138,925	138,925
Less accumulated depreciation	(101,621)	(86,100)
	37,304	52,825
Workshop and R&D plant and equipment		
At cost	2,098,272	2,093,615
Less accumulated depreciation	(2,030,086)	(1,789,857)
	68,186	303,758
Office equipment and software		
At cost	1,384,530	1,384,530
Less accumulated depreciation	(1,368,262)	(1,344,917)
	16,268	39,613
Motor vehicles		
At cost	172,065	243,489
Less accumulated depreciation	(152,230)	(217,751)
	19,835	25,738
Written Down Value	141,593	421,934
Movements in carrying amounts:		
Buildings		
Balance at the beginning of the year	52,825	55,211
Additions	–	12,400
Depreciation expense	(15,521)	(14,786)
Carrying amount at the end of the year	37,304	52,825
Workshop and R&D plant and equipment		
Balance at the beginning of the year	303,758	827,553
Additions	4,707	38,301
Depreciation expense	(240,279)	(562,096)
Carrying amount at the end of the year	68,186	303,758
Office equipment and software		
Balance at the beginning of the year	39,613	186,007
Additions	–	6,082
Depreciation expense	(23,345)	(152,476)
Carrying amount at the end of the year	16,268	39,613
Motor vehicles		
Balance at the beginning of the year	25,738	46,136
Additions	–	28,598
Disposals	(71,424)	–
Writeback in depreciation	71,424	–
Depreciation expense	(5,903)	(48,996)
Carrying amount at the end of the year	19,835	25,738

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	Patents	Total
	\$	\$	\$
At 30 June 2020			
Cost (gross carrying amount)	116,502	612,337	728,839
Accumulated amortisation	–	(380,763)	(380,763)
Net carrying amount	116,502	231,574	348,076
Movements in carrying amounts			
Balance at 1 July 2019	–	261,309	261,309
Additions	116,502	19,272	135,774
Amortisation expense	–	(49,007)	(49,007)
Net carrying amount	116,502	231,574	348,076
At 30 June 2019			
Cost (gross carrying amount)	1,907,292	593,065	2,500,357
Accumulated amortisation	(413,605)	(331,756)	(745,361)
Impairment expense	(1,493,687)	–	(1,493,687)
Net carrying amount	–	261,309	261,309
Movements in carrying amounts			
Balance at 1 July 2018	–	315,806	315,806
Additions	1,907,291	109,323	2,016,614
Amortisation expense	(413,604)	(163,820)	(577,424)
Impairment expense	(1,493,687)	–	(1,493,687)
Net carrying amount	–	261,309	261,309

Note 10: Intangible assets (cont'd)

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.

Impairment of assets

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

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

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

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 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 net development costs has been subject to impairment testing. If an impairment indicator 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.

(b) Patents

Patents have been externally acquired and are carried at cost less accumulated amortisation and 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)

(c) Impairment

As at 30 June 2020, the market capitalisation of DTI exceeded its net assets, which means there is no indicator of asset impairment under accounting standards. For the purpose of impairment testing the intangibles are allocated to one cash-generating unit (CGU) on the group level. The recoverable amount of the CGU was then determined using the value in use model which requires the use of key assumption and judgments relating to future revenues, anticipated gross margin, growth rates expected and discount rate. The calculations use cash flow projects based on financial budgets approved by the board covering a period of five years.

The board determined that the underlying assumptions supporting the impairment were sufficient. As a result, the board has taken no decision to impair the balance of capitalised development costs (2019: \$1,493,687).

Note 11: Provisions

	2020 \$	2019 \$
Current		
Employee entitlements – long service leave	208,467	283,807
Employee entitlements – annual leave	386,081	657,598
Provision for restructuring	100,000	500,000
Provision for warranty	975,073	352,823
	1,669,621	1,794,228
Non-current		
Employee entitlements – long service leave	–	36,760

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.

Provision for restructuring represents the costs associated with the re-organisation of the operations of the business in the next six to nine months in order to improve the overall efficiency and longer-term profitability of the business.

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:

	2020 \$	2019 \$
Australian Dollar bank accounts	1,720,267	948,177
British Sterling bank accounts	292,695	225,390
US Dollar bank accounts	570,660	460,118
Euro bank accounts	110,301	399,420
Rand bank account	7,430	–
	2,701,353	2,033,105

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

	2020 \$	2019 \$
Net loss after tax	(2,731,270)	(9,440,710)
<i>Non-cash items:</i>		
Depreciation and amortisation	466,644	1,355,778
Employee share plan expense	5,396	148,587
Impairment of intangible assets	–	1,493,687
Profit on disposal of property, plant & equipment	(13,000)	–
Exchange differences on foreign operations	(906,385)	(13,555)
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(163,548)	3,546,392
Decrease in inventories	1,180,086	2,373,074
Decrease/(increase) in contract assets	410,244	(441,919)
Decrease/(increase) in contract costs	747,936	(1,376,690)
Increase in other assets	(529,443)	(73,819)
Increase in right of use asset	(291,560)	–
Increase/(decrease) in trade and other payables	570,763	(1,520,102)
(Decrease)/increase in provisions	(161,367)	628,674
(Decrease)/increase in contract liabilities	(20,899)	2,425,443
Increase in lease liability	272,905	–
Decrease in deferred tax	–	(63,522)
Net outflow from operating activities	(1,163,498)	(958,682)

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

	2020 No.	2020 \$	2019 No.	2019 \$
Ordinary shares				
Balance at the beginning of financial year	213,399,600	30,955,098	213,388,875	30,955,098
Issued of share capital	119,634,710	2,990,868	–	–
Capital raising costs	–	(60,853)	–	–
Shares exercised under employee share plan	348,275	–	10,725	–
Balance at the end of the financial year*	333,382,585	33,885,113	213,399,600	30,955,098

*Balance excludes 1,593,975 Treasury Share held in trust for DESP.

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.

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. As at 30 June 2019, 474,000 shares has not been allocated and has lapsed and was forfeited, while 1,468,250 shares had vested with eligible employees. During 30 June 2020, 348,275 shares had been transferred to eligible employees, while 1,119,975 shares remain registered with the Trustee. Refer to Note 17.

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

On 20 November 2018 during the Annual General Meeting of Shareholders, it was resolved that DTI would be permitted to issue performance rights, options and restricted shares under a new DTI Group Limited Equity Plan. The Company has established the Plan to assist in the motivation, retention and reward of employees and replaces the DESP.

Note 13: Contributed equity (cont'd)

The Plan is designed to align the interests of executives and employees with the interests of shareholders by providing an opportunity for the participants to receive any equity interest in the Company. At the date of this report 273,000 shares and 925,000 Performance Rights have been granted under this plan.

Performance rights

Pursuant to DTI Group Limited Equity Plan the Company has granted 925,000 performance rights to executives to align remuneration with the creation of shareholder value over the long-term.

The performance rights have a three-year vesting period and will be subject to a relative total shareholder return hurdle (RTSR Hurdle), which compares the total shareholder return performance of the Group with each of the entities within the S&P/ASX Small Ordinaries Index. The performance rights are valued using a hybrid option pricing model. The model uses a correlated simulation that simultaneously calculates the RTSR of the Company and each constituent of the Peer Group on a risk neutral basis as at the vesting date with regards to the performance period. The fair value at grant date each performance right issued was \$0.035.

Company's RTSR percentile rank against comparator group	Vesting percentage
Less than 50 th	Nil
At 50 th	50%
Between 50 th and 75 th	50 – 100% on a straight-line basis
At 75 th	100%

During the year ended 30 June 2020, no performance rights have vested. The share-based payment expense recognised for the year ended 30 June 2020 was \$5,396. The fair value of the performance rights is \$32,375.

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.

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.

Note 14: Financial risk management

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

	Maturing			Total Contractual Cash Flows \$	Total Carrying Value \$	Weighted Average Active Interest Rate %
	1 Year or Less \$	Over 1 to 2 Years \$	Over 2 Years \$			
30 June 2020						
Financial Liabilities						
Fixed rate						
Other borrowings	85,625	–	–	85,625	85,625	3.20%
Lease liability	153,236	146,878	–	300,114	272,905	9.57%
Non-interest bearing						
Payables	4,579,431	–	–	4,579,431	4,579,431	–
	4,818,292	146,878	–	4,965,170	4,937,961	–
30 June 2019						
Financial Liabilities						
Fixed rate						
Other borrowings	46,842	–	–	46,842	46,842	3.45%
Non-interest bearing						
Payables	4,008,668	–	–	4,008,668	4,008,668	–
	4,055,510	–	–	4,055,510	4,055,510	–

Note 14: Financial risk management (cont'd)

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 26.

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.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 month before 1 July 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group identified the GDP and unemployment in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are 100% credit impaired when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and a failure to make contractual payments for a period of greater than 120 days past due.

On that basis, the loss allowance at the amount equal to the expected lifetime credit losses under the simplified approach as at 1 July 2019 and 30 June 2020 was determined as follows for both trade receivables:

30 June 2020	Current	More Than 30 Days Past Due	More Than 60 Days Past Due	More Than 90 Days Past Due	Credit Impaired	Total
Expected loss rate	2.4%	3.3%	5.4%	9.3%	100%	
Gross carrying amount of trade receivables	\$4,015,244	\$163,306	\$32,310	\$156,429	\$393,491	\$4,760,780
Loss allowance	\$96,366	\$5,389	\$1,745	\$14,548	\$393,491	\$511,539
1 July 2019	Current	More Than 30 Days Past Due	More Than 60 Days Past Due	More Than 90 Days Past Due	Credit Impaired	Total
Expected loss rate	2.4%	3.3%	5.4%	9.3%	100%	
Gross carrying amount of trade receivables	\$2,728,792	\$559,317	\$20,455	\$252,856	\$447,961	\$4,009,381
Loss allowance	\$65,491	\$18,457	\$1,105	\$23,516	\$447,961	\$556,530

Note 14: Financial risk management (cont'd)

Foreign Exchange Risk

The Group has transactions in currencies other than Australian Dollars which carry receivables and payables in the respective currency. These financial instruments are not hedged. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	30 June 2020			30 June 2019		
	USD \$	EUR \$	GBP \$	USD \$	EUR \$	GBP \$
Cash	570,660	110,301	292,695	460,118	399,420	225,390
Trade and other debtors	736,269	195,437	101,735	1,154,262	633,859	1,355,997
Trade and other payables	(1,288,645)	-	(156,034)	(2,654,886)	(6,011)	(60,301)
	18,284	305,738	238,396	(1,040,506)	1,027,268	1,521,086
Exchange rates	0.6863	0.6111	0.5586	0.7013	0.6171	0.5535

Interest Rate Risk

The Group'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 Group's bank account was earning interest of 1.0 per cent (2019:1.50 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 2020 and the date of this report, the Group has sufficient liquid assets to meet its financial obligations.

Sensitivity Analysis

Interest Rate Risk

The Group'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 Group's interest expense.

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

Foreign Exchange Rate Risk

Based on the financial instruments held at 30 June 2020, 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 results for the year would have been \$29,601 better (2019: \$79,360 higher). If the Australian dollar had strengthened the corresponding impact would be a reduction in pre-tax results 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 Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Financing Facility

The Group had a \$3.5 million, multi-option, multi-currency funding package with the bank. The \$3.5 million facility covers the Group's working capital, bonding and overdraft facilities and encompasses sub-limits for certain facilities. At 30 June 2019, the Group was not in compliance with its banking covenant in relation to its bank guarantee and obtained a waiver from the bank for this. From November 2019, the Group revised its facility to a \$1.55 million bank guarantee facility. Moving forward, the bank requires the Group to provide a cash deposit for an amount equal to the sum of its utilisation of the facility with no requirements to meet any banking covenants. As at 30 June 2020, the utilisation of the facility remains at \$930,082, with the equivalent restricted cash deposit in place. Refer to Note 5 and Note 7.

Note 16: Reserves and accumulated losses

	2020 \$	2019 \$
Reserves		
Employee Share Plan reserve	478,968	473,572
Foreign currency translation reserve	(399,910)	(14,236)
	79,058	459,336
Employee Share Plan Reserve		
Balance 1 July	473,572	324,985
Arising on share-based payments	5,396	148,587
Balance 30 June	478,968	473,572

Employee Share Plan Reserve records as an expense over the vesting period, the value of the DTI Employee Share Plan shares issued. The expense for the current financial year is for the full year.

	2020 \$	2019 \$
Foreign currency translation reserve		
Balance 1 July	(14,236)	(29,935)
Currency translation differences – current year	(385,674)	15,699
Balance 30 June	(399,910)	(14,236)

Note 16: Reserves and accumulated losses (cont'd)

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

	2020 \$	2019 \$
Accumulated losses		
Balance 1 July	(26,137,418)	(16,168,210)
Impact of changes in accounting policies	–	(528,498)
Net loss for the year	(2,731,270)	(9,440,710)
Balance 30 June	(28,868,688)	(26,137,418)

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.

	2020		2019	
	Allocated	Avail. To Allocate	Allocated	Avail. To Allocate
Opening Balance	–	–	1,478,975	474,000
Shares Granted	–	–	–	–
Shares allocated	(348,275)	–	(10,725)	–
Shares vested to employees	348,275	–	(1,468,250)	–
Shares forfeited	–	–	–	(474,000)
Shares available / Closing Balance	–	–	–	–

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

Note 18: Right of use asset & lease liability

	2020 \$	1 July 2019 \$
Right of use asset		
Current		
Property – Land	254,130	386,719
Lease Liability		
Current		
Property - Land	132,820	178,331
Non Current		
Property - Land	140,085	208,388

Note 18: Right of use asset & lease liabilities (cont'd)

In the previous year, the group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under AASB 117 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the group's borrowings. For adjustments recognised on adoption of AASB 16 on 1 January 2019, please refer to Note 25.

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2020 \$	2019 \$
Depreciation charge of right-of-use assets		
Property - Land	132,589	–
Finance costs		
Interest expense	32,125	–

The group leases a land. Rental contracts are typically made for fixed periods of 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Until the end of the financial year ended 30 June 2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease for the 2019 financial year.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Note 19: Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group recorded a loss after tax of \$2.7 million for the year ended 30 June 2020 (2019: \$9.4 million loss) and had operating cash outflows of \$1.16 million (2019: \$0.96 million outflow).

These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent upon the success of the following measures undertaken by management:

- The Group's cash and cash equivalents increased by \$0.7 million to \$2.7 million (2019: \$2.0 million);
- The Group has \$3.6 million of working capital as at 30 June 2020 to fund its working capital requirements;
- The Group continues to focus on improving commercial terms to reduce future working capital requirements and improve profitability by negotiating with customers and improving its bidding process to secure more favourable terms; and
- The Group continues to implement its turnaround plan and is closely executing this plan with the expectation of producing positive cash flow from operations and managing cost to budget.

The Directors believe that there are reasonable grounds that the Group will continue as a going concern.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 20: Contingent liabilities

There were no contingent liabilities or assets as at 30 June 2020.

Note 21: Events occurring after the reporting period

The impact of the COVID-19 pandemic is ongoing and while we have disclosed its impact on the Group's results up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No matters or circumstances 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 22: Earnings/(Loss) per share

Basic Earnings / (Loss) 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 / (Loss) per Share

Diluted earnings/(loss) 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.

	2020 Cents per Share	2019 Cents per Share
Loss per share		
Basic loss per share (cents per share)	(0.91)	(4.42)
Diluted loss per share (cents per share)	(0.91)	(4.42)
	2020 \$	2019 \$
Reconciliation of losses used in calculating loss per share		
<i>The following reflects the income and share data used in the calculations of basic and diluted earnings per share:</i>		
Net loss used in calculating basic and diluted earnings per share	(2,731,270)	(9,440,710)
	2020 Number of Shares	2019 Number of Shares
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used in calculating basic loss per share	213,399,600	213,388,875
Weighted average additional shares issued during the period	86,872,926	5,260
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share	300,272,526	213,394,135

Note 23: Related-party transactions

(a) Key management personnel

	2020	2019
	\$	\$
Compensation by category: key management personnel		
Short-term benefits	708,642	968,832
Long-term benefits	487	12,662
Post-employment benefits	45,116	66,952
Share based payments	–	5,834
	754,245	1,054,280

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 21.

(b) Subsidiaries

The consolidated financial statements include the following subsidiaries:

Name	Incorporation	Shares	Equity	
			2020	2019
			%	
DTI Capital Pty Ltd	Australia	Ordinary	100	100
Virtual Observer Pty Ltd	Australia	Ordinary	100	100
DTI EMEA Limited	UK	Ordinary	100	100
DTI USA Holdings Inc	USA	Ordinary	100	100
DTI USA Inc ⁽ⁱ⁾	USA	Ordinary	100	100
Digital Technology International (SA) (Pty) Ltd ⁽ⁱⁱ⁾	South Africa	Ordinary	100	100

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

(ii) DTI EMEA Ltd incorporated a wholly owned subsidiary in South Africa, Digital Technology International (SA) (Pty) Ltd.

Note 24: Parent entity financial information: DTI Group Ltd

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

	2020 \$	2019 \$
Statement of Financial Position		
Assets		
Current assets	11,766,712	7,965,161
Non-current assets	718,707	2,961,956
Total assets	12,485,419	10,927,117
Liabilities		
Current liabilities	7,326,634	5,266,012
Non-current liabilities	1,178,763	384,089
Total liabilities	8,505,397	5,650,101
Net Assets	3,980,022	5,277,016
Shareholders' equity:		
Issued capital	33,885,113	30,955,098
Employee share plan reserve	478,968	473,572
Accumulated losses	(30,384,059)	(26,151,654)
Total Equity	3,980,022	5,277,016
Statement of Loss and Other Comprehensive Loss		
Loss for the year	(4,232,405)	(9,953,509)
Total comprehensive loss	(4,232,405)	(9,953,509)

Contingent liabilities

The parent has no contingent liabilities at 30 June 2020.

Bank guarantee

The parent has bank guarantee of \$885,082. Refer to Note 7 for more details.

Note 25: Changes in accounting policies

This note explains the impact of the adoption of AASB 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019 in Note 25 (a) below.

The Group has adopted AASB 16 retrospectively from 1 July 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

(a) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 9.6%.

	\$
Operating lease commitments disclosed as at 30 June 2019 (Discounted at 11%)	419,693
Less: Commitments exited at 30 June 2019 for short term leases (Discounted at 11%)	(39,118)
Add: Difference in effects between discounting rates as at 30 June 2019 (11%) and the Group's incremental borrowing rate (9.6%) at the date of initial application of 1 July 2019	6,144
	386,719
Lease liability recognised as at 1 July 2019	
Of which are:	
Current lease liabilities	178,331
Non-current lease liabilities	208,388
	386,719

The associated right-of-use assets for property leases were measured on a retrospective basis at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 Jun 2020	1 Jul 2019
Properties	254,130	386,719
Total right-of-use assets	254,130	386,719

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

- right-of-use assets – increase by \$386,719
- lease liabilities – increase by \$386,719

Note 25: Changes in accounting policies (cont'd)

(a) Adjustments recognised on adoption of AASB 16

(i) Practical expedients applied

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

Note 26: 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 31 August 2020.

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 26(g) for further disclosure on significant accounting estimates and judgement.

Note 26: Summary of significant accounting policies (cont'd)

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 2020 and the comparative information presented in these financial statements for the year ended 30 June 2019.

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

(a) Principles of consolidation

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

(b) Classification and initial measurement of financial assets (AASB 9 Financial Instruments)

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets are classified according to their business model and the characteristics of their contractual cash flows and are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

Note 26: Summary of significant accounting policies (cont'd)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

AASB 9's new forward looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix (Refer Note 14).

(c) Foreign currency

Functional and presentation currency

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

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

Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit 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.

Note 26: Summary of significant accounting policies (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.

(d) Goods and services tax

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

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

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

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

(e) Comparative Figures

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

(f) New accounting standards and Australian accounting interpretations

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting AASB 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 25. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Note 26: Summary of significant accounting policies (cont'd)

(g) Significant accounting estimates and judgements

Revenue recognition

The recognition of revenue detailed in Note 2 relating to project-based services is subject to the management's judgement on measurement of progress towards satisfaction of performance obligation using the input method. The Group also did not recognise revenue when management has determined that it was not highly probable that a portion of the revenue will not reverse.

When management determine multiple distinct performance obligations in a contract, transaction price is allocated based on stand-alone selling price of the product or service sold. The stand-alone selling price is estimated on the basis of the retail price.

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 Group recognises a provision for inventory obsolescence. At 30 June 2020 management has determined no impairment (2019: \$2,668,910) is required for inventory where net realisable value is lower than its cost.

Development costs capitalised

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The net development costs 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.

Impairment

As at 30 June 2020, the market capitalisation of DTI exceeded its net assets, which means there is no indicator of asset impairment under accounting standards. For the purpose of impairment testing the intangibles are allocated to one cash-generating unit (CGU) on the group level. The recoverable amount of the CGU was then determined using the value in use model which requires the use of key assumption and judgments relating to future revenues, anticipated gross margin, growth rates expected and discount rate. The calculations use cash flow projects based on financial budgets approved by the board covering a period of five years. The board determined that the underlying assumptions supporting the impairment were sufficient. As a result, the board has taken no decision to impair the balance of capitalised development costs (2019: \$1,493,687).

Amortisation of intangible assets

Intangible assets are amortised over their useful lives (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 date at which they are granted. The fair value is the ASX share price.

Note 26: Summary of significant accounting policies (cont'd)

(h) Auditor's remuneration

	2020 \$	2019 \$
BDO Audit (WA) Pty Ltd		
Remuneration of the auditors of the entities for:		
Auditing the full year financial report	44,500	51,000
Reviewing the half year financial report	18,000	27,689
	<u>62,500</u>	<u>78,689</u>
BDO LLP		
Remuneration of the auditors of the entities for:		
Auditing the full year's financial report	23,028	18,067
Non-audit services performed by BDO during the year comprise:		
DTI EMEA Ltd Tax Consulting	6,605	7,593

Note 27: 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 22–64 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 2020 and of its performance for the year ended on that date.
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The Company has included in the notes to the financial statements an explicit and unreserved Statement of Compliance with International Financial Reporting Standards.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

A handwritten signature in black ink, appearing to read 'G. Purdy', with a large, sweeping flourish extending from the end of the signature.

Greg Purdy

Chairman

31 August 2020

Melbourne, Australia



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INDEPENDENT AUDITOR'S REPORT

To the members of DTI Group Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DTI Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2020 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 (including Independence Standards)* (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.

Material uncertainty related to going concern

We draw attention to Note 19 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue Recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>DTI generates a significant portion of its revenue from customer contracts for the provision, installation and maintenance of equipment as disclosed in Note 2.</p> <p>Revenue recognition is a key audit matter as the accounting for the contracts involves significant level of judgement in assessing whether the criteria set out in AASB 15 <i>Revenue from Contracts with Customers</i> (“AASB 15”) is met.</p> <p>The Group’s disclosures in relation to its revenue accounting policy and significant judgements applied in revenue recognition are disclosed in Note 2 and Note 26.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Reading contracts or agreements for key projects to obtain an understanding of key contract terms and conditions; • Vouching a sample of revenue and other revenue transactions to supporting documentation; • Performing cut-off testing to ensure revenue is recorded in the relevant period; • Performing detailed analytical procedures over revenue, cost of sales and margins including comparison to prior period and our expectations to identify unusual trends or potentially onerous contracts; • Assessing accounting impacts of any contracts identified as onerous; • Reviewing credit notes issued post year end; • Reviewing DTI’s revenue recognition policies across all revenue streams and ensuring compliance with the accounting standard; and • Reviewing disclosures in Note 2 and Note 26 in the financial report and ensuring compliance with the accounting standard.

Existence and Valuation of Inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 8 of the financial report, an impairment of inventory and provision for inventory obsolescence was recognised.</p> <p>Due to significant value of inventory, there is a risk that inventory have not been appropriately recognised in accordance with AASB 102 <i>Inventories</i>.</p> <p>The existence and valuation of inventory are considered a key audit matter given the nature of inventories, the carrying value of such items and the extent of management estimates and judgements involved in assessing inventory impairment and provisioning for obsolescence.</p> <p>Refer to Note 8 and Note 26 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these arrangements.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Attending the year-end stocktake for a sample of locations counted a sample of items; • Performing roll forward procedures from the inventory count date to the financial year-end date; • Testing inventory cut-off procedures; • Agreeing the carrying values of inventory to supporting reconciliations; • Testing the cost of inventory by agreeing the purchase price to supplier invoices; • Assessing the net realisable value of inventories, by selecting items on a sample basis and comparing to subsequent sales or the estimated selling price; • Performing analysis on inventory turnover; • Assessing management’s provision over slow moving and obsolete inventory; and • Reviewing disclosures in Note 8 and Note 26 in the financial report and ensuring compliance with the accounting standard.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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 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, 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.

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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 13 to 21 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of DTI Group Ltd, for the year ended 30 June 2020, 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

A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line. The signature is somewhat stylized and includes a long horizontal stroke extending to the right.

Phillip Murdoch

Director

Perth, 31 August 2020



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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF DTI GROUP LTD

As lead auditor of DTI Group Limited for the year ended 30 June 2020, 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 and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'P. Murdoch', with a long horizontal flourish extending to the right.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2020

Directors	Greg Purdy Steve Gallagher Andrew Lewis Chris Afentoulis	Non-Executive Chairman Non-Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Ian Hobson	
Registered and Principal Office	31 Affleck Road Perth Airport WA 6105 Telephone: (08) 9479 1195 Facsimile: (08) 9479 1190 Website: www.dti.com.au	
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	
Bankers	Bankwest Division of Commonwealth Bank of Australia Bankwest Place 300 Murray Street 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 27 August 2020.

Ordinary Share Capital

334,976,560 fully paid ordinary shares (inclusive of DTI Treasury shares) held by 698 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	39	0.00
1,001 – 5,000	174	0.15
5,001 – 10,000	122	0.29
10,001 – 100,000	244	2.63
100,001 and over	119	96.93
Total	698	100.00

There were 409 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>	124,831,863	37.27
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	107,111,129	31.98
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,521,050	2.25
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	6,929,523	2.07
INDUCAM NV/C	6,203,078	1.85
BLUEKARA PTY LTD <GOODEY FAMILY A/C>	4,646,880	1.39
LTC GROUP HOLDINGS PTY LTD	3,183,216	0.95
WOOD STREET PTY LTD	3,034,886	0.91
MR LESLIE KROLL	3,000,000	0.90
ENERVIEW PTY LTD	2,644,445	0.79
LEGRANDE INVESTMENTS PTY LTD	2,508,485	0.75
BOND STREET CUSTODIANS LIMITED <SMET - D02102 A/C>	2,177,778	0.65
LTC GROUP HOLDINGS PTY LIMITED <LTC SUPERANNUATION FUND A/C>	2,007,642	0.60
MR NEIL EDWARD GOODEY	1,928,318	0.58
MR BRADFORD PINTO	1,880,000	0.56
FINESHORE PTY LTD <TUFILLI FAMILY A/C>	1,696,121	0.51
HUMDINGER PTY LTD <FOGARTY INVESTMENT A/C>	1,686,157	0.50
ANNAPURNA PTY LTD	1,600,000	0.48
DTI CAPITAL PTY LTD	1,593,975	0.48
PROTEA HOLDINGS PTY LTD <BROEDERBOND SUPER FUND A/C>	1,524,445	0.46
Total	287,708,991	85.89

Substantial Shareholders

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

Name	Fully Paid Ordinary Shares	
	Number	%
INVIA CUSTODIAN PTY LIMITED <THE MORRIS FAMILY A/C>	124,831,863	37.27
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	107,111,129	31.98

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 (2019: Nil).

On-market Buyback

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

Company Secretary

Ian Hobson

Registered and Principal Office

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

Share Registrar

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