

# Annual Report 2021

D T I G R O U P L T D



## 2021 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 2021 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:

### **Mr 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 the execution of major technology projects. Mr Purdy is a former senior executive with NTT Data, Hewlett Packard, Telstra, and the Tenix Group.

#### *Other Directorships:*

Nil

### **Mr 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 has been a Director of several listed and public companies including Hong Kong listed CCRTT, Optal Ltd, Vix Technology Ltd, KubaPay, Littlepay, Orbital UAV and Snapper Services.

#### *Other Directorships:*

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

### **Mr 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 the tourism, hospitality, renewable energy, finance, technology and aviation sectors.

#### *Other Directorships:*

Nil

## **Mr 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:*

Nil

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**

### **Mr 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. Mr 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.

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## 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	12
A Lewis	12	12
C Afentoulis	12	12

## Principal activities

The Group's principal activities during the financial year were the development, manufacture and supply of integrated surveillance systems, 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 – video management, vehicle data analysis and monitoring, schedule adherence analysis, IT infrastructure, help desk, technical support, monitoring, and first-line maintenance.

DTI markets and distributes its product range to customers worldwide, both directly and with a network of integrators and business partners.

## Shareholder returns

The table below sets out summary information on the Group's earnings and movement in shareholder wealth for the five years to 30 June 2021.

		FY21	FY20	FY19	FY18	FY17
<b>Revenue</b>	\$	18,572,598	14,085,266	19,176,894	19,103,076	15,867,660
<b>EBITDA</b>	\$	435,174	(2,230,530)	(8,179,879)	(10,127,646)	(3,024,987)
<b>EBIT</b>	\$	76,058	(2,697,174)	(9,535,657)	(13,125,393)	(4,827,070)
<b>Net profit/(loss) after tax</b>	\$	24,844	(2,731,270)	(9,440,710)	(11,384,311)	(5,847,874)
<b>Share price at start of year</b>	\$	0.02	0.03	0.06	0.17	0.39
<b>Share price at end of year</b>	\$	0.02	0.02	0.03	0.06	0.17
<b>Dividends</b>	cps	-	-	-	-	-
<b>Basic (loss)/ earnings per share</b>	cps	0.01	(0.91)	(4.42)	(8.72)	(5.32)
<b>Return on Capital Employed</b>	%	1.43	(51.52)	(179.45)	(58.62)	(30.07)

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

## Review of Financial Condition

### FY21 Financial Performance

During the year ended 30 June 2021, DTI reported revenue of \$18.6 million (2020: \$14.1 million). This represents a 32 per cent increase compared to the prior year and is primarily attributed to the delivery on a pipeline of contracted work.

DTI recorded positive EBITDA of \$0.44 million for the year ended 30 June 2021 (2020: negative \$2.2 million). The improvement in EBITDA was driven by increased volumes, a focus on operational efficiency, avoidance of onerous contract impacts and other non-recurring impacts.

## Underlying EBITDA

During FY21 DTI recorded multiple non-recurring impacts and an underlying EBITDA loss of \$0.58 million, an improvement from a \$0.85 million loss in the prior year as illustrated in the table below:

Reconciliation of Underlying EBITDA	FY21 \$	FY20 \$
<b>EBIT</b>	<b>76,058</b>	<b>(2,697,174)</b>
Depreciation/Amortisation	359,116	466,644
<b>Statutory EBITDA</b>	<b>435,174</b>	<b>(2,230,530)</b>
R&D Grant	(75,233)	-
Jobkeeper payment	(486,000)	(396,000)
Cash flow boost income	(50,000)	(50,000)
Payroll tax relief	(136,144)	-
Impairment of inventories/(reversal)	(199,050)	-
Impairment of trade receivables/(reversal)	(132,453)	-
Impairment of contract costs	-	1,402,733
Restructuring costs/(reversal)	-	(245,867)
Warranty claims	61,895	664,433
<b>Underlying EBITDA</b>	<b>(581,811)</b>	<b>(855,231)</b>

## Cash Flow

During the year, DTI generated negative cash flow to operations of \$1.48 million (2020: negative \$1.16 million). Total net cash outflow for the year was \$1.89 million. Key impacts on net cash flow included a:

- i) \$0.78 million reduction in trade payables;
- ii) \$0.11 million reduction in superannuation payable; and
- iii) \$0.64 million outflow on investing activities.

## Financial Position

At the end of the financial year DTI maintained unrestricted cash reserves of \$0.77 million and net assets of \$5.2 million. DTI has no term debt.

Refer to Note 19 Going Concern for further details on working capital.

## **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) Customer demand for improved security and surveillance on mass transit systems; and
- iii) Customer 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 FY22 and beyond.

## Operational performance

DTI provide direct long-term maintenance and support services to municipal transit authorities in Australia the UK, U.S.A and Africa.

European end-customers are also engaged through business partners in eastern & western Europe.

DTI's operational performance has improved markedly during the past 5-years.

## Significant changes in state of affairs

In the opinion of the Directors, the Group's state of affairs did not change significantly during the financial year.

## Outlook

### Opportunity Pipeline

DTI continues to enjoy strong demand for its products and services with an Opportunity Pipeline exceeding \$65 million.

### Business Strategies

DTI's business strategy is to support the mass the transit industry through the provision of innovative hardware and software solutions and services.

In FY22, DTI is expanding its multi-level product range to provide a broader customer offer and strengthen the value proposition for existing customers in targeted market segments.

### Future Developments

DTI expects to continue executing contracted work, pursuing cost-effective work practices, and improving customer satisfaction.

## Dividends

In respect of the financial year ended 30 June 2021, 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 Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as the maintenance of social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

However, it should be noted that COVID-19 is continuing to impact the supply chain. Although the impact remains uncertain, worldwide logistics chains are being disrupted and the timely availability of cost-effective components, such as some semi-conductors, could cause business impacts.

No other 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 video systems, communications, and passenger information technologies for the global mass transit market. DTI remains confident in its outlook as it seeks to drive growth via a pipeline of opportunities.

## 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
<b>G Purdy</b>	Nil	Nil	Nil
<b>S Gallagher</b>	Nil	Nil	Nil
<b>A Lewis</b>	1,875	Nil	Nil
<b>C Afentoulis</b>	Nil	Nil	Nil

## Indemnification of officers and auditors

The Company has 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 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 2021 were \$nil (2020: \$6,605) 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 58 and forms part of the Directors' report for the financial year ended 30 June 2021.

## 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 [www.dti.com.au/investors](http://www.dti.com.au/investors).

## 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 2021.

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
- 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

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)
Mr D Hood	(Chief Financial Officer – Appointed on 12 April 2021)
Ms M Kong	(Chief Financial Officer – Resigned on 31 March 2021)

## 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 rewards them fairly and responsibly 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 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 Chief Executive Officer was a participant of the MCP.

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

As detailed in this report, no DTI executives received any STI or LTI payments in FY21.

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.

## Audited Remuneration Report

### 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.

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 FY21, expressed as a percentage of total remuneration, if maximum performance was achieved for the STI and LTI components of their variable components.

## Audited Remuneration Report

Executives	Fixed		Variable – STI		Variable – LTI	
	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%
Matthew Strack <i>Chief Executive Officer</i>	63.2	63.2	15.8	15.8	21.0	21.0
Frank Havelka <i>Interim Chief Executive Officer</i>	n/a	100.0	n/a	n/a	n/a	n/a
David Hood <i>Chief Financial Officer</i>	100.0	n/a	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
Richard Johnson <i>Executive Director</i>	n/a	99.0	n/a	n/a	n/a	1.0

### 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 FY21:

- 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 amounts were repaid by the Company over a six-month period.

## 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			
		\$	\$	\$	\$	\$	\$	\$	%
<b>Non - Executive Directors</b>									
G Purdy (Chairman)	2021	49,301	-	49,301	-	-	-	49,301	0.0%
	2020	48,329	-	48,329	-	-	-	48,329	0.0%
S Gallagher	2021	29,500	-	29,500	-	-	-	29,500	0.0%
	2020	29,000	-	29,000	-	-	-	29,000	0.0%
A Lewis	2021	29,500	-	29,500	-	-	-	29,500	0.0%
	2020	29,000	-	29,000	-	-	-	29,000	0.0%
C Afentoulis <sup>1</sup>	2021	29,500	-	29,500	-	-	-	29,500	0.0%
	2020	17,500	-	17,500	-	-	-	17,500	0.0%
N Goodey <sup>2</sup>	2021	-	-	-	-	-	-	-	n/a
	2020	11,500	-	11,500	1,093	-	-	12,593	0.0%
<b>Executive Directors/Officers</b>									
M Strack <sup>3</sup> (CEO)	2021	295,000	-	295,000	29,545	-	-	324,545	0.0%
	2020	126,538	-	126,538	10,501	-	-	137,039	0.0%
FJ Havelka <sup>4</sup> (Interim CEO)	2021	-	-	-	-	-	-	-	n/a
	2020	199,056	-	199,056	12,837	-	-	211,893	0.0%
I Hobson (Company Secretary)	2021	13,900	-	13,900	-	-	-	13,900	0.0%
	2020	27,740	-	27,740	-	-	-	27,740	0.0%
D Hood <sup>5</sup> (CFO)	2021	46,846	-	46,846	4,450	-	-	51,296	0.0%
	2020	-	-	-	-	-	-	-	n/a
M Kong <sup>6</sup> (CFO)	2021	191,915	-	191,915	17,148	-	-	209,063	0.0%
	2020	188,500	-	188,500	17,908	-	-	206,408	0.0%
R Johnson <sup>7</sup> (Commercial Exec)	2021	-	-	-	-	-	-	-	n/a
	2020	31,479	-	31,479	2,777	487	-	34,743	0.0%
<b>Total</b>	<b>2021</b>	<b>685,462</b>	<b>-</b>	<b>685,462</b>	<b>51,143</b>	<b>-</b>	<b>-</b>	<b>736,605</b>	
<b>Total</b>	<b>2020</b>	<b>708,642</b>	<b>-</b>	<b>708,642</b>	<b>45,116</b>	<b>487</b>	<b>-</b>	<b>754,245</b>	

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 Strack commenced as CEO on 20 January 2020.
4. Mr Havelka commenced as Interim CEO on 31 May 2019 and resigned on 31 January 2020.
5. Mr Hood commenced as CFO on 12 April 2021.
6. Ms Kong resigned as CFO on 31 March 2021 and ceased to be KMP.
7. Mr Johnson resigned as Commercial Executive on 14 August 2019.

## Audited Remuneration Report

### Key terms of employment contracts

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

Name	Fixed Remuneration	MCP Participant	Duration	Notice Period	Termination Benefits
Matthew Strack	\$328,500	Yes	Ongoing	Four weeks	None
David Hood	\$229,950	Yes	Ongoing	Four weeks	None
Frank Havelka <sup>1</sup>	\$372,242	No	Ceased	Four weeks	None
Michelle Kong	\$213,525	No	Ceased	Four weeks	None
Richard Johnson	\$262,800	Yes	Ceased	Four weeks	None

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

\* Refer page 12 and 13 for details of MCP plan and criteria.

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

### Loans to Key management personnel

There are no loans from the Company to a KMP.

### Key management personnel equity holdings

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

2021	Balance at 1 July 2020	Granted as remuneration	On Exercise of Options	Net Other Change	Balance at 30 June 2021
	Number	Number	Number	Number	Number
<b>Directors</b>	-	-	-	-	-
G Purdy	-	-	-	-	-
S Gallagher	-	-	-	-	-
A Lewis	1,875	-	-	-	1,875
C Afentoulis	-	-	-	-	-
<b>Executives</b>					
M Strack	-	-	-	-	-
I Hobson	-	-	-	-	-
D Hood <sup>1</sup>	n/a	-	-	-	-
M Kong <sup>2</sup>	-	-	-	-	n/a

1. Mr Hood commenced as KMP from 12 April 2021, and the presentation in this table may not indicate the status of his shareholding at the beginning of the relevant reporting period.

2. Ms Kong ceased as KMP from 31 March 2021, and the presentation in this table may not indicate the status of her shareholding at the end of the relevant reporting period.

During the year ended 30 June 2021, no share options were held by key management personnel.

## Audited Remuneration Report

### Reliance on External Remuneration Consultants

There has not been any reliance on external remuneration consultants.

### Adoption of Remuneration Report

At the 2020 Annual General Meeting, the resolution adopting the 2020 Remuneration Report was carried unanimously.

The Company received more than 98.6 percent of “yes” votes on its Remuneration Report for the 2020 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 2021  
Melbourne, Australia

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## Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Sales Revenue	2	18,572,598	14,085,266
Cost of Goods Sold		(13,503,511)	(12,661,659)
Operational overheads		(2,779,743)	(691,041)
Onerous project expense		(521,785)	–
<b>Gross Margin</b>		<b>1,767,559</b>	<b>732,566</b>
Impairment (expense) / reversal	2	331,503	(1,402,733)
Other income	2	774,485	1,415,007
Other expenses	2	(61,895)	(664,433)
Corporate overheads		(2,376,478)	(2,310,937)
Depreciation/amortisation	2	(359,116)	(466,644)
Net interest and finance gain/(loss)	2	(46,860)	(30,058)
<b>Net Profit/(Loss) Before Tax</b>		<b>29,198</b>	<b>(2,727,232)</b>
Tax (expense)/benefit	3	(4,354)	(4,038)
<b>Net Profit/(Loss) After Tax</b>		<b>24,844</b>	<b>(2,731,270)</b>
<b>Other comprehensive (loss)/income</b>			
Items that may be reclassified to profit or loss:			
Exchange differences		90,073	(385,674)
<b>Total other comprehensive income/(loss)</b>		<b>90,073</b>	<b>(385,674)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>114,917</b>	<b>(3,116,944)</b>
<b>Total comprehensive income/(loss) is attributable to:</b>			
Owners of DTI Group Ltd		114,917	(3,116,944)
<b>Earnings/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the Company:</b>			
Basic earnings/(loss) per share (cents per share)	22	0.01	(0.91)
Diluted earnings/(loss) per share (cents per share)	22	0.01	(0.91)

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 2021

	Note	2021 \$	2020 \$
<b>Current assets</b>			
Cash and cash equivalents	4	765,789	2,701,353
Trade and other receivables	5	3,043,896	4,674,283
Contract assets	2	1,301,445	628,754
Inventories	8	3,604,373	4,446,166
Other current assets		438,633	696,834
<b>Total current assets</b>		<b>9,154,136</b>	<b>13,147,390</b>
<b>Non-current assets</b>			
Other receivables	5	380,041	505,041
Property, plant and equipment	9	386,690	141,593
Intangible assets	10	606,256	348,076
Contract assets	2	185,672	31,675
Right of use asset	18	157,244	254,130
<b>Total non-current assets</b>		<b>1,715,903</b>	<b>1,280,515</b>
<b>Total assets</b>		<b>10,870,039</b>	<b>14,427,905</b>
<b>Current liabilities</b>			
Trade and other payables	6	2,601,263	4,579,431
Contract liabilities	2	623,080	2,724,840
Borrowings	7	56,283	85,625
Provisions	11	1,990,229	1,669,621
Lease liability	18	277,537	132,820
<b>Total current liabilities</b>		<b>5,548,392</b>	<b>9,192,337</b>
<b>Non-current liabilities</b>			
Provisions	11	111,247	–
Lease liability	18	–	140,085
<b>Total non-current liabilities</b>		<b>111,247</b>	<b>140,085</b>
<b>Total liabilities</b>		<b>5,659,639</b>	<b>9,332,422</b>
<b>Net assets</b>		<b>5,210,400</b>	<b>5,095,483</b>
<b>Equity</b>			
Contributed equity	13	33,885,113	33,885,113
Reserves	16	169,131	79,058
Accumulated losses	16	(28,843,844)	(28,868,688)
<b>Total equity</b>		<b>5,210,400</b>	<b>5,095,483</b>

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 2021

	Contributed Equity \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>At 30 June 2019</b>	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)
<b>Transactions with owners in their capacity as owners</b>					
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)
<b>At 30 June 2020</b>	33,885,113	478,968	(399,910)	(28,868,688)	5,095,483
Profit for the year	–	–	–	24,844	24,844
Other comprehensive income	–	–	90,073	–	90,073
Total comprehensive income the year	–	–	90,073	24,844	114,917
<b>Transactions with owners in their capacity as owners</b>					
Recognition of share-based payments	–	–	–	–	–
Issue of share capital	–	–	–	–	–
Capital raising costs	–	–	–	–	–
<b>At 30 June 2021</b>	33,885,113	478,968	(309,837)	(28,843,844)	5,210,400

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 2021

	Note	2021 \$	2020 \$
<b>Cash flows used in operating activities</b>			
Receipts from customers		18,510,192	15,991,805
Payments to suppliers and employees		(20,677,609)	(17,435,207)
Interest received		2,574	9,799
Government grants received		743,233	314,000
Interest paid		(49,434)	(39,857)
Tax paid		(4,354)	(4,038)
<b>Net cash outflow used in operating activities</b>	12(b)	<b>(1,475,398)</b>	<b>(1,163,498)</b>
<b>Cash flows used in investing activities</b>			
Payments for plant and equipment		(312,049)	(4,707)
Proceeds from sale of property plant & equipment		4,978	13,000
Payments for intangible assets		(339,346)	(135,774)
<b>Net cash outflow used in investing activities</b>		<b>(646,417)</b>	<b>(127,481)</b>
<b>Cash flows (used in)/from financing activities</b>			
Proceeds from issues of shares		–	2,990,868
Share issue expenses		–	(60,853)
Proceeds from borrowings		264,450	2,037,526
Repayment of borrowings		(293,791)	(1,998,743)
Payment for leased property		(120,324)	(95,159)
Cash inflow / (outflow) from bank guarantee facility		380,041	(930,082)
<b>Net cash from financing activities</b>		<b>230,376</b>	<b>1,943,557</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		<b>(1,891,439)</b>	<b>652,578</b>
Cash and cash equivalents at the beginning of the year		2,701,353	2,033,105
Effect of foreign exchange on opening balances		(44,125)	15,670
<b>Cash and cash equivalents at the end of the year</b>	12(a)	<b>765,789</b>	<b>2,701,353</b>

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

## Note 1: Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM).

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated Group. The Group has one primary business segment being the provision of integrated surveillance and passenger communication systems to the mass transit industry.

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.

### **Major customers**

DTI supplies goods and services to a broad range of customers in the transit industry. During the reporting period, three (2020: four) major customers accounted for 62 per cent (2020: 50 per cent) of the 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.

<b>Products and services</b>	<b>Nature, timing of satisfaction of performance obligations and significant payment terms</b>
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 terms, 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 over time 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	<p>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 an hourly basis, the Group recognises revenue as the services are performed.</p>

### C. Disaggregation of Revenue

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

	2021 \$	2020 \$
<b>Primary geographical markets</b>		
Australia	14,909,623	9,584,725
Europe & Others	3,277,079	3,933,333
North America	385,896	567,208
	<u>18,572,598</u>	<u>14,085,266</u>
<b>Major products/service lines</b>		
Sale of products	8,298,888	4,026,902
Project-based services	8,273,219	7,720,249
Maintenance	2,000,491	2,338,115
	<u>18,572,598</u>	<u>14,085,266</u>
<b>Revenue recognition</b>		
At a point in time	8,298,888	4,026,902
Over time	10,273,710	10,058,364
	<u>18,572,598</u>	<u>14,085,266</u>

## D. Contract balances and contract costs

The group has recognised the following contract assets and liabilities:

	2021 \$	2020 \$
<b>Current contract assets</b>		
Capitalised contract costs	1,301,445	628,754
<b>Non-current contract assets</b>		
Retention	185,672	31,675
<b>Current contract liabilities</b>	623,080	2,724,840

### (i) Definition

#### *Contract Assets*

- Accrued Revenue

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 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 \$nil (2020: \$1,402,733) has been recognised for the excess of the capitalised cost over the expected remaining consideration less any directly related costs not yet recognised as expense.

#### *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.

### (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.

Contract liabilities have reduced due to to the completion of works for project-based service, for which advance consideration was received from customers.

### (iii) Revenue recognised in relation to contract liabilities

Revenue recognised for the year ended 30 June 2021 which was included in the contract liability balance at the beginning of the period is \$2,076,220 (2020: \$2,144,191).

The amount of revenue recognised for the year ended 30 June 2021 from performance obligations satisfied (or partially satisfied) in previous periods is \$nil (2020: 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 2021 is \$30.4 million (2020: \$32.1 million).

Management expects that 13.5% of the transaction price allocated to the unsatisfied contracts as of 30 June 2021 will be recognised as revenue during the next reporting period. The amount disclosed above does not include variable consideration which is constrained.

#### E. Other Income

	2021 \$	2020 \$
<b>Other Income</b>		
R&D grant (i)	75,233	–
Profit on disposal of assets	5,495	13,000
JobKeeper payment (ii)	486,000	396,000
Cash flow boost income (iii)	50,000	50,000
Payroll tax relief	136,144	–
Foreign exchange gain	9,226	703,279
Other income	12,387	6,861
Restructuring costs reversal	–	245,867
	<b>774,485</b>	<b>1,415,007</b>

#### (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.

#### (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 met the requirement for the existing JobKeeper Payment until 27 September 2020. During FY21, the Company received \$486,000 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 FY21, the Company received \$50,000 in cash flow boost amounts from the government.

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

	2021 \$	2020 \$
<b>Net interest and finance (loss)/gain</b>		
Interest expense	(5,162)	(7,732)
Interest expense – right of use asset	(44,272)	(32,125)
Interest received	2,574	9,799
	<u>(46,860)</u>	<u>(30,058)</u>
<b>Share-based payment expense</b>		
Employee share based payment expense	–	(5,396)
<b>Depreciation and amortisation expense</b>		
Depreciation	(67,469)	(285,048)
Depreciation – Right of use assets	(210,482)	(132,589)
Amortisation	(81,166)	(49,007)
	<u>(359,116)</u>	<u>(466,644)</u>
<b>Impairment (expense) / reversal</b>		
Inventory <sup>(i)</sup>	199,050	–
Contract cost	–	(1,402,733)
Trade receivables <sup>(ii)</sup>	132,453	–
	<u>331,503</u>	<u>(1,402,733)</u>
<b>Employee benefits – Wages &amp; Salaries</b>	<u>(6,662,514)</u>	<u>(6,105,731)</u>
<b>Other expenses</b>		
Warranty claim	<u>(61,895)</u>	<u>(664,433)</u>

(i) Reversal is due to a change in estimate as per note 8

(ii) Reversal is due to over provision

## 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.

	2021 \$	2020 \$
<b>(a) Income tax benefit</b>		
Current tax expense	4,354	4,038
Deferred tax	–	–
Adjustments for current tax of prior periods	–	–
	4,354	4,038
<b>(b) Numerical reconciliation of income tax expense (benefit) to prima facie tax receivable</b>		
Profit / (loss) before income tax benefit	29,198	(2,727,232)
Prima facie tax benefit on loss at 26% (2020:27.5%)	7,591	(749,989)
Tax effect of:		
Other	16,637	29,573
Other deductible	–	(2,195)
Other non-deductible	1,926	4,556
Other non-assessable income	(32,561)	–
Effect of lower / higher statutory income tax rate in the UK and USA	(18,032)	(73,091)
Recoupment of prior year losses	(47,910)	(286,224)
Current year losses for which no deferred tax assets is recognised	374,066	1,338,759
Deferred taxes not brought to account	(297,363)	(257,351)
	4,354	4,038
<b>(c) Deferred income tax balances recognised in the accounts</b>		
<b>Deferred tax liabilities</b>		
Prepayments	(3,762)	(2,999)
Unrealised foreign exchange gain	(44,961)	(198,240)
Project WIP	(338,376)	(252,657)
Right of use asset	(40,883)	(69,886)
Set off of deferred tax liabilities	427,982	523,782
Net recognised deferred tax liability	–	–
<b>Deferred tax assets</b>		
Annual leave provision	113,745	104,498
Long service leave provision	74,550	57,329
Accrued audit fees and other creditors	290,368	265,561
Superannuation provision	–	31,367
Capital raising fees	20,006	60,784
Right of use liability	72,160	75,049
Provision for diminution in trading stock	199,304	245,887
Provision for doubtful debts	6,147	93,487
Tax losses carried forward	4,574,598	5,073,108
Set off of deferred tax liabilities	(427,982)	(523,782)
Warranty	50,819	84,111
Deferred tax asset not brought to account as realisation is not probable	(4,973,715)	(5,567,398)
Net recognised deferred tax assets	–	–

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.

Franking credits available for this financial year is \$44,481 (2020: \$44,481).

Note 4: Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank	765,789	2,701,353

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 history of defaults, existing market condition as well as forward looking estimates in each reporting period.

	2021 \$	2020 \$
<b>Current</b>		
Trade receivables (net of impairment)	2,854,179	4,008,161
Other debtors	19,717	241,081
Other receivables – cash deposit held for bank guarantee (refer to note 7)	125,000	380,041
Other receivables – cash deposit	45,000	45,000
	<u>3,043,896</u>	<u>4,674,283</u>
<b>Non Current</b>		
Other receivables – cash deposit held for bank guarantee (refer to note 7)	380,041	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**

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

	2021 \$	2020 \$
<b><i>Movements in the provision for impairment of receivables are as follows:</i></b>		
Opening at 1 July	511,539	556,530
Receivable written off during the year as uncollectable	(230,393)	–
Amount recovered	(132,453)	(44,991)
Closing at 30 June	<u>148,693</u>	<u>511,539</u>

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 2021 trade receivables of \$434,275 (2020: \$1,039,057) were past due, but not impaired. These relate to several independent customers for whom there is no recent history of default. DTI is confident that these receivables are collectible and are active in the management and reduction of these overdue amounts.

The ageing analysis of these trade receivables is as follows:

	2021 %	2020 %	2021 \$	2020 \$
Up to 3 months	87	96	375,986	1,000,676
3 to 6 months	13	4	58,289	38,381
	100	100	434,275	1,039,057

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 set 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.

	2021 \$	2020 \$
Trade payables	1,199,794	1,979,220
Other payables	1,358,943	2,392,647
Superannuation liability	1,542	114,064
Payroll tax liability	40,984	93,500
	2,601,263	4,579,431

#### Risk exposure

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

## Note 7: Borrowings

	2021 \$	2020 \$
<b>Current Secured:</b>		
Net carrying amount – Premium Funding	56,283	85,625
	56,283	85,625

### Reconciliation of borrowings arising from financing activities:

	2020 Opening \$	Cash flows \$	Non-cash changes Addition \$	Fair value changes \$	2021 Closing \$
Premium Funding	85,625	(293,792)	264,450	–	56,283

### 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.

### Premium Funding

In November 2020, 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

As at year ended 30 June 2021, a \$250,000 American Express facility was available and in use.

### Bank guarantee and insurance bonds

	2021 \$	2020 \$
Bank guarantees for unconditional undertaking of contracts	505,041	885,082
	505,041	885,082

The Company has given bank guarantees relating to performance requirements of contracts. A bank guarantee in relation to this contract of \$380,041 (2020: \$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. A bank guarantee of \$125,000 (2020: \$125,000), for this contract, 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

	2021 \$	2020 \$
Raw materials / unassembled stock	4,434,229	5,620,208
Impairment of inventory	–	–
Provision for inventory obsolescence	(829,856)	(1,174,042)
	<u>3,604,373</u>	<u>4,446,166</u>

During FY21, \$145,136 of obsolescence provision was applied to inventory sold throughout the year. A further write-back of \$199,050 was recognised (2020: \$nil) in the statement of profit or loss and other comprehensive income, following a revision to the Group's policy for providing for obsolete inventory. This represents a change in accounting estimate under AASB 108 and has been applied prospectively in the current year.

In determining the appropriate policy for the inventory obsolescence provision, management considered the composition of stock, improvements in stock ageing and turnover, as well as recent sales activity. Based on these factors it was determined the provision for stock obsolescence should be \$829,856 as at 30 June 2021.

### 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 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

	2021 \$	2020 \$
<b>Buildings</b>		
At cost	138,925	138,925
Less accumulated depreciation	(118,379)	(101,621)
	20,546	37,304
<b>Workshop and R&amp;D plant and equipment</b>		
At cost	2,098,272	2,098,272
Less accumulated depreciation	(2,058,439)	(2,030,086)
	39,833	68,186
<b>Office equipment and software</b>		
At cost	1,409,512	1,384,530
Less accumulated depreciation	(1,381,008)	(1,368,262)
	28,504	16,268
<b>Sales Demo equipment</b>		
At cost	284,415	–
Less accumulated depreciation	(1,185)	–
	283,230	–
<b>Motor vehicles</b>		
At cost	124,034	172,065
Less accumulated depreciation	(109,457)	(152,230)
	14,577	19,835
Written Down Value	386,690	141,593
<b>Movements in carrying amounts:</b>		
<b>Buildings</b>		
Balance at the beginning of the year	37,304	52,825
Additions	–	–
Depreciation expense	(16,758)	(15,521)
Carrying amount at the end of the year	20,546	37,304
<b>Workshop and R&amp;D plant and equipment</b>		
Balance at the beginning of the year	68,186	303,758
Additions	–	4,707
Depreciation expense	(28,353)	(240,279)
Carrying amount at the end of the year	39,833	68,186
<b>Office equipment and software</b>		
Balance at the beginning of the year	16,268	39,613
Additions	27,634	–
Writeback in depreciation	66	–
Depreciation expense	(15,464)	(23,345)
Carrying amount at the end of the year	28,504	16,268

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**Sales Demonstration & Testing equipment**

Balance at the beginning of the year  
 Additions  
 Depreciation expense  
 Carrying amount at the end of the year

	2021 \$	2020 \$
	-	-
	284,415	-
	(1,185)	-
	283,230	-

**Motor vehicles**

Balance at the beginning of the year  
 Additions  
 Disposals  
 Depreciation expense  
 Carrying amount at the end of the year

	19,835	25,738
	450	-
	-	-
	(5,708)	(5,903)
	14,577	19,835

**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
- sales demo equipment – 10 years

## Note 10: Intangible assets

	Development Costs \$	Patents \$	Total \$
<b>At 30 June 2021</b>			
Cost (gross carrying amount)	363,281	704,904	1,068,185
Accumulated amortisation	(16,046)	(445,883)	(461,929)
Net carrying amount	347,235	259,021	606,256
<b>Movements in carrying amounts</b>			
Balance at 1 July 2020	116,502	231,574	348,076
Additions	246,779	92,567	339,346
Amortisation expense	(16,046)	(65,120)	(81,166)
Net carrying amount	347,235	259,021	606,256
<b>At 30 June 2020</b>			
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
<b>Movements in carrying amounts</b>			
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

### 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 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.

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

<b>Policy</b>	<b>Patents</b>	<b>Development Costs</b>
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.

New products capitalised during FY21 are amortised using the straight-line method over a period of 5 years.

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.

### (c) Impairment

The board determined that the underlying assumptions supporting the future economic benefit from the intangible assets were sufficient. As a result, the board has not impaired these assets (2020: \$348,076).

## Note 11: Provisions

	2021 \$	2020 \$
<b>Current</b>		
Employee entitlements – long service leave	175,483	208,467
Employee entitlements – annual leave	445,831	386,081
Provision for restructuring	–	100,000
Provision for warranty	290,793	975,073
Onerous contract provision	1,078,122	–
	<b>1,990,229</b>	<b>1,669,621</b>
<b>Non-current</b>		
Employee entitlements – long service leave	111,247	–
	<b>111,247</b>	<b>–</b>

### 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 based on historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

When it is probable that the future costs to complete a contract will exceed future revenues, the expected loss is recognised as a provision for onerous contract and as an expense immediately.

## 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:

	2021 \$	2020 \$
Australian Dollar bank accounts	311,527	1,720,267
British Sterling bank accounts	16,951	292,695
US Dollar bank accounts	242,304	570,660
Euro bank accounts	40,285	110,301
Rand bank account	154,723	7,430
	<u>765,789</u>	<u>2,701,353</u>

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

	2021 \$	2020 \$
<b>Profit / (loss) after tax</b>	24,844	(2,731,270)
<i>Non-cash items:</i>		
Depreciation and amortisation	359,116	466,644
Employee share plan expense	–	5,396
Profit on disposal of property, plant & equipment	(4,978)	(13,000)
Exchange differences on foreign operations	133,681	(906,385)
<b>Change in operating assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	1,375,346	(163,548)
Decrease in inventories	841,793	1,180,086
Decrease/(increase) in contract assets	(153,997)	410,244
Decrease/(increase) in contract costs	(672,691)	747,936
Increase in other assets	258,201	(529,443)
Increase in right of use asset	6,728	(291,560)
Increase/(decrease) in trade and other payables	(1,978,168)	570,763
(Decrease)/increase in provisions	431,855	(161,367)
(Decrease)/increase in contract liabilities	(2,101,760)	(20,899)
Increase in lease liability	4,632	272,905
Net outflow from operating activities	<u>(1,475,398)</u>	<u>(1,163,498)</u>

### Non-cash financing and investing activities

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

## Note 13: Contributed equity

	2021 No.	2021 \$	2020 No.	2020 \$
<b>Ordinary shares</b>				
Balance at the beginning of financial year	333,382,585	33,885,113	213,399,600	30,955,098
Issued of share capital	–	–	119,634,710	2,990,868
Capital raising costs	–	–	–	(60,853)
Shares exercised under employee share plan	40,000	–	348,275	–
Balance at the end of the financial year*	333,422,585	33,885,113	333,382,585	33,885,113

\*Balance excludes 1,553,975 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. During 30 June 2021, 40,000 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.

### 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 \$			
<b>30 June 2021</b>						
<b>Financial Liabilities</b>						
<b>Fixed rate</b>						
Other borrowings	56,283	–	–	56,283	56,283	2.22%
Lease liability	296,878	–	–	296,878	277,537	6.97%
<b>Non-interest bearing</b>						
Payables	3,679,385	–	–	3,679,385	3,679,385	–
	<b>4,032,546</b>	<b>–</b>	<b>–</b>	<b>4,032,546</b>	<b>4,013,205</b>	<b>–</b>

	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 \$			
<b>30 June 2020</b>						
<b>Financial Liabilities</b>						
<b>Fixed rate</b>						
Other borrowings	85,625	–	–	85,625	85,625	3.20%
Lease liability	153,236	146,878	–	300,114	272,905	9.57%
<b>Non-interest bearing</b>						
Payables	4,579,431	–	–	4,579,431	4,579,431	–
	<b>4,818,292</b>	<b>146,878</b>	<b>–</b>	<b>4,965,170</b>	<b>4,937,961</b>	<b>–</b>

### 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 25.

## 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 2021 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 2020 and 30 June 2021 was determined as follows for both trade receivables:

30 June 2021	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	0%	0%	0%	0%	100%	
Gross carrying amount of trade receivables	\$2,667,053	\$21,118	\$107,718	\$71,447	\$148,693	\$3,002,871
<b>Loss allowance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$148,693</b>	<b>\$148,693</b>
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
<b>Loss allowance</b>	<b>\$96,366</b>	<b>\$5,389</b>	<b>\$1,745</b>	<b>\$14,548</b>	<b>\$393,491</b>	<b>\$511,539</b>

## 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 2021				30 June 2020			
	USD \$	EUR \$	GBP \$	ZAR \$	USD \$	EUR \$	GBP \$	ZAR \$
Cash	242,304	40,285	16,951	154,723	570,660	110,301	292,695	7,430
Trade and other debtors	379,656	1,156,670	153,403	12,995	736,269	195,437	101,735	91,574
Trade and other payables	(936,359)	(6,617)	(213,393)	(143,030)	(1,288,645)	-	(156,034)	(147,383)
	(314,398)	1,190,338	(43,040)	24,687	18,284	305,738	238,396	(48,379)
Exchange rates	0.7518	0.6320	0.5429	10.7991	0.6863	0.6111	0.5586	11.8607

### 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 0.05 per cent (2020:1.0 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 2021 and the date of this report, the Group has sufficient liquid assets to meet its financial obligations. Refer to Note 19 Going Concern for further details.

### 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 2021, had the Australian dollar weakened by 5 per cent against the US Dollar, Euro, British Sterling and South African Rand, with all other variables held constant, the Group's pre-tax results for the year would have been \$61,683 better (2020: \$29,601 higher). If the Australian dollar had strengthened the corresponding impact would be a reduction in pre-tax results by approximately 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.

Note 16: Reserves and accumulated losses

	2021 \$	2020 \$
<b>Reserves</b>		
Employee Share Plan reserve	478,968	478,968
Foreign currency translation reserve	(309,837)	(399,910)
	<u>169,131</u>	<u>79,058</u>
<b>Employee Share Plan Reserve</b>		
Balance 1 July	478,968	473,572
Arising on share-based payments	–	5,396
Balance 30 June	<u>478,968</u>	<u>478,968</u>

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.

	2021 \$	2020 \$
<b>Foreign currency translation reserve</b>		
Balance 1 July	(399,910)	(14,236)
Currency translation differences – current year	90,073	(385,674)
Balance 30 June	<u>(309,837)</u>	<u>(399,910)</u>

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

	2021 \$	2020 \$
<b>Accumulated losses</b>		
Balance 1 July	(28,868,688)	(26,137,418)
Impact of changes in accounting policies	–	–
Net profit / (loss) for the year	24,844	(2,731,270)
Balance 30 June	<u>(28,843,844)</u>	<u>(28,868,688)</u>

## 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.

	2021		2020	
	Allocated	Avail. To Allocate	Allocated	Avail. To Allocate
Opening Balance	–	–	–	–
Shares Granted	–	–	–	–
Shares allocated	(40,000)	–	(348,275)	–
Shares vested to employees	40,000	–	348,275	–
Shares forfeited	–	–	–	–
Shares available / Closing Balance	–	–	–	–

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

## Note 18: Right of use asset & lease liability

	2021	2020
	\$	\$
<b>Right of use asset</b>		
<b>Current</b>		
Property – Land	157,244	254,130
<b>Lease Liability</b>		
<b>Current</b>		
Property - Land	277,537	132,820
<b>Non Current</b>		
Property - Land	–	140,085

### Amounts recognised in the statement of profit or loss

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

	2021	2020
	\$	\$
<b>Depreciation charge of right-of-use assets</b>		
Property - Land	210,482	132,589
<b>Finance costs</b>		
Interest expense	44,272	32,125

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 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 profit after tax of \$0.03 million for the year ended 30 June 2021 (2020: \$2.7 million loss) and had operating cash outflows of \$1.48 million (2020: \$1.16 million outflow).

These conditions 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.

The ability of the Group to continue as a going concern is dependent upon the success of the following measures being undertaken by management:

- The successful implementation of the turnaround plan including a continued focus on projects and contracts that generate positive returns;
- Continued improvement in project performance coupled with a strong working capital and net asset position;
- Continued reduction of cash burn; and
- Implementation of the new strategy to return to DTI to profitability.

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.

The Directors believe that there are reasonable grounds that the Group will continue as a going concern and the business forecast shows positive cash flow for the next 12 months to 31 August 2022.

The major shareholders have provided financial support through shareholders loans in the past and expect to continue to support DTI on this basis.

## Note 20: Contingencies and commitments

There were no contingent liabilities or assets as at 30 June 2021.

There were no commitments as at 30 June 2021.

## Note 21: Events occurring after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it is not practicable to estimate the potential impact 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.

However, it should be noted that COVID-19 is continuing to impact the supply chain. Although the impact remains uncertain, worldwide logistics chains are being disrupted and the timely availability of cost-effective components, such as some semi-conductors, could cause business impacts.

No other 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.

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## 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.

	2021 Cents per Share	2020 Cents per Share
<b>Earnings / (loss) per share</b>		
Basic earnings / (loss) per share (cents per share)	0.01	(0.91)
Diluted earnings / (loss) per share (cents per share)	0.01	(0.91)
<b>Reconciliation of profit / (loss) used in calculating earnings/(loss) per share</b>	<b>2021</b> \$	<b>2020</b> \$
<i>The following reflects the income/(loss) and share data used in the calculations of basic and diluted earnings per share:</i>		
Profit/(loss) used in calculating basic and diluted earnings per share	24,844	(2,731,270)
<b>Weighted average number of shares used as the denominator</b>	<b>2021</b> Number of Shares	<b>2020</b> Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	333,382,585	213,399,600
Weighted average additional shares issued during the period	35,397	86,872,926
Adjusted weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share	333,417,982	300,272,526

Note 23: Related-party transactions

(a) Key management personnel

	2021 \$	2020 \$
<b>Compensation by category: key management personnel</b>		
Short-term benefits	685,462	708,642
Long-term benefits	–	487
Post-employment benefits	51,143	45,116
Share based payments	–	–
	736,605	754,245

Detailed remuneration disclosures are provided in the remuneration report on pages 16 to 17.

(b) Subsidiaries

The consolidated financial statements include the following subsidiaries:

Name	Incorporation	Shares	Equity %	
			2021	2020
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 <sup>(i)</sup>	USA	Ordinary	100	100
Digital Technology International (SA) (Pty) Ltd	South Africa	Ordinary	100	100

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

Note 24: Parent entity financial information: DTI Group Ltd

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

	2021 \$	2020 \$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	7,806,372	11,766,712
Non-current assets	1,565,090	718,707
<b>Total assets</b>	<b>9,371,463</b>	<b>12,485,419</b>
<b>Liabilities</b>		
Current liabilities	5,072,996	7,326,634
Non-current liabilities	111,247	1,178,763
<b>Total liabilities</b>	<b>5,184,243</b>	<b>8,505,397</b>
<b>Net Assets</b>	<b>4,187,220</b>	<b>3,980,022</b>
<b>Shareholders' equity:</b>		
Issued capital	33,885,113	33,885,113
Employee share plan reserve	478,968	478,968
Accumulated losses	(30,176,861)	(30,384,059)
<b>Total Equity</b>	<b>4,187,220</b>	<b>3,980,022</b>
<b>Statement of Loss and Other Comprehensive Loss</b>		
Profit/(loss) for the year	207,198	(4,232,405)
<b>Total comprehensive loss</b>	<b>207,198</b>	<b>(4,232,405)</b>

**Contingent liabilities**

The parent has no contingent liabilities at 30 June 2021.

**Bank guarantee**

The parent has bank guarantee of \$505,041. Refer to Note 7 for more details.

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## Note 25: 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 57 dated 31 August 2021.

### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Basis of Preparation

The financial report has been prepared on a historical cost basis. 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 25(f) for further disclosure on significant accounting estimates and judgement.

### Accounting Policies

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2021 and the comparative information presented in these financial statements for the year ended 30 June 2020.

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.

#### **(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

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.

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.

## 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.

### (d) Comparative Figures

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

### (e) 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 2021 management has determined no additional impairment (2020: \$nil) is required for inventory where net realisable value is lower than its cost.

Refer to Note 8 for details surrounding the change in estimate occurring in the current year in relation to the provision for obsolescence of inventories.

#### *Development costs capitalised*

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

The board determined that the underlying assumptions supporting the impairment were sufficient. As a result, the board has not impaired the capitalised development costs (2020: \$348,076).

### *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.

### *Estimation of onerous contracts provision*

When the Group is aware that it is probable that the future costs to complete a contract will exceed future revenues, the expected loss is recognised as a provision for onerous contract and as an expense immediately. Estimation is involved in determination of total contract costs and forecast costs to complete.

### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 14, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

### *Warranty provision*

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

(f) Auditor's remuneration

	2021	2020
	\$	\$
<b>BDO Audit (WA) Pty Ltd</b>		
Remuneration of the auditors of the entities for:		
Auditing the full year financial report	48,000	44,500
Reviewing the half year financial report	18,000	18,000
	<u>66,000</u>	<u>62,500</u>
<b>BDO LLP</b>		
Remuneration of the auditors of the entities for:		
Auditing the full year's financial report	–	23,028
Non-audit services performed by BDO during the year comprise:		
DTI EMEA Ltd Tax Consulting	–	<u>6,605</u>

Note 26: 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](http://www.dti.com.au)

## Directors' Declaration

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

1. The financial statements and accompanying notes set out on pages 18–56 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 2021 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:



**Greg Purdy**

Chairman

31 August 2021

Melbourne, Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of DTI Group Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of DTI Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 2021 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

Key audit matter	How the matter was addressed in our audit
<p>The Group 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 25.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Reading contracts or agreements for key projects to obtain an understanding of key contract terms and conditions;</li> <li>• Vouching a sample of revenue and other revenue transactions to supporting documentation;</li> <li>• Performing cut-off testing to ensure revenue is recorded in the relevant period;</li> <li>• 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;</li> <li>• Assessing the accuracy and completeness of the calculation of onerous contract provision;</li> <li>• Reviewing credit notes issued post year-end;</li> <li>• Reviewing the Group’s revenue recognition policies across all revenue streams and ensuring compliance with the accounting standard; and</li> <li>• Reviewing disclosures in Note 2 and Note 25 in the financial report and ensuring compliance with the accounting standard</li> </ul>

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## Existence and Valuation of Inventory

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Due to significant value, there is a risk that the inventories balance has not been appropriately recognised in accordance with AASB 102 <i>Inventories</i>.</p> <p>The existence and valuation of inventory is 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 25 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"> <li>• Attending the year-end stocktake for a sample of locations counted a sample of items;</li> <li>• Performing roll forward procedures from the inventory count date to the financial year-end date;</li> <li>• Testing inventory cut-off procedures;</li> <li>• Agreeing the carrying values of inventory to supporting reconciliations;</li> <li>• Testing the cost of inventory by agreeing the purchase price to supplier invoices;</li> <li>• Assessing the provision for obsolescence for consistency with the Group’s provisioning policy by reviewing the ageing profile of inventory and sales activity;</li> <li>• Performing analysis on inventory turnover;</li> <li>• Assessing management’s provision over slow moving and obsolete inventory; and</li> <li>• Reviewing disclosures in Note 8 and Note 25 in the financial report and ensuring compliance with the accounting standard.</li> </ul>

### 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 2021, 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.

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## 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](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 11 to 17 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of DTI Group Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### BDO Audit (WA) Pty Ltd

BDO  


**Phillip Murdoch**

Director

Perth, 31 August 2021

## DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF DTI GROUP LIMITED

As lead auditor of DTI Group Limited for the year ended 30 June 2021, 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 Limited and the entities it controlled during the period.



**Phillip Murdoch**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 31 August 2021

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<b>Directors</b>	Mr Greg Purdy Mr Steve Gallagher Mr Andrew Lewis Mr Chris Afentoulis	Non-Executive Chairman Non-Executive Director Non-Executive Director Non-Executive Director
<b>Company Secretary</b>	Mr Ian Hobson	
<b>Registered and Principal Office</b>	31 Affleck Road Perth Airport WA 6105 Telephone: (08) 9479 1195 Facsimile: (08) 9479 1190 Website: <a href="http://www.dti.com.au">www.dti.com.au</a>	
<b>Auditor</b>	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008	
<b>Share Registrar</b>	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford Vic 3067	
<b>Bankers</b>	Bankwest Division of Commonwealth Bank of Australia Bankwest Place 300 Murray Street Perth WA 6000	
<b>Stock Exchange Listing</b>	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 25 August 2021.

### 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	148	0.12
5,001 – 10,000	100	0.24
10,001 – 100,000	220	2.37
100,001 and over	115	97.27
<b>Total</b>	<b>622</b>	<b>100.00</b>

There were 367 holders with less than a marketable parcel of ordinary shares.

### Twenty Largest Registered Shareholders

Rank	Name	Number of Shares	Percentage of Issued Shares %
1	INVIA CUSTODIAN PTY LIMITED <THE MORRIS FAMILY A/C>	124,831,863	37.27
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	103,253,989	30.82
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,582,286	2.26
4	INDUCAM NV/C	6,203,078	1.85
5	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	5,350,000	1.60
6	BLUEKARA PTY LTD <GOODEY FAMILY A/C>	4,646,880	1.39
7	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	3,857,140	1.15
8	LTC GROUP HOLDINGS PTY LTD	3,183,216	0.95
9	WOOD STREET PTY LTD	3,034,886	0.91
10	MR LESLIE KROLL	2,750,000	0.82
11	ENERVIEW PTY LTD	2,644,445	0.79
12	LEGRANDE INVESTMENTS PTY LTD	2,508,485	0.75
13	BOND STREET CUSTODIANS LIMITED <SMET – D02102 A/C>	2,177,778	0.65
14	MR BRADFORD PINTO	2,090,000	0.62
15	LTC GROUP HOLDINGS PTY LIMITED <LTC SUPERANNUATION FUND A/C>	2,007,642	0.60
16	MR NEIL EDWARD GOODEY	1,928,318	0.58
17	EMERALD SHARES PTY LTD <EMERALD UNIT A/C>	1,750,000	0.52
18	DR GARRY EDWARD RICHARDS	1,720,101	0.52
19	FINESHORE PTY LTD <TUFILLI FAMILLY A/C>	1,696,121	0.51
20	HUMDINGER PTY LTD <FOGARTY INVESTMENT A/C>	1,686,157	0.50
	<b>Total</b>	<b>284,902,385</b>	<b>85.05</b>

### 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	103,253,989	30.82

### 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

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### Share Registrar

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Yarra Falls  
452 Johnston Street  
Abbotsford Vic 3067