



**DWS Limited**  
**ACN 085 656 088**

Manager Companies  
Company Announcements Office  
ASX Limited  
Level 4, Stock Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

27 September 2017

Dear Sir/Madam,

**DWS Limited 2017 Annual Report – print version**

Please find attached an updated copy of the DWS Limited 2017 Annual Report amended to correct a typographical error.

Yours faithfully

Stuart Whipp  
Chief Financial Officer and Company Secretary  
DWS Limited

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DWS

*Excellence*

Annual  
Report  
2017

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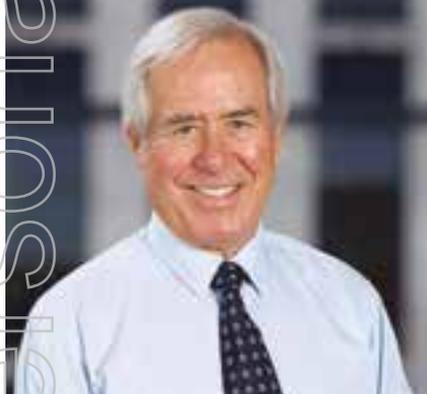
# Business Profile

DWS Limited (DWS) is a leading Australian IT services Group, delivering excellence and innovation in our IT solutions since 1992. DWS has in excess of 600 employees with offices in Melbourne, Sydney, Adelaide, Brisbane and Canberra, providing services to a broad range of blue-chip corporate clients and State and Federal Government agencies. DWS provides a wide ranging and flexible suite of integrated solutions spanning IT Consulting Services, Digital Solutions, Business Analytics, Strategic Sourcing and Productivity Services and Managed Application Services.

## Corporate Direction

The DWS Group strives to be our clients' premier innovation, business and technology partner. We achieve this by consistently delivering excellent outcomes that make us the first choice for our clients. We understand our clients' businesses are dynamic and we are responding with a comprehensive offering of 'new world' solutions designed to meet their needs.

# Chairman's Report



“DWS continues to succeed in the Australian IT services industry offering a wide-ranging and integrated suite of IT services from consumer led innovation and digital services to the more traditional end-to-end delivery of large technology solutions and managed services.”

To the DWS Shareholders,

The 2017 financial year has been another successful year for the DWS Group further demonstrating the effective operating model and strong financial discipline that DWS is known for. This has resulted in reported EBITDA of \$26.243 million and earnings per share of \$0.13.

The financial performance of the DWS Group has led to a significant strengthening of the Group's balance sheet with gross debt reduced from \$24 million as at 30 June 2016 to \$15 million as at 30 June 2017 and net debt reduced from \$13.8 million as at 30 June 2016 to \$4.1 million as at 30 June 2017 (after taking into account the \$10.2 million and \$10.9 million of cash held by the DWS Group as at 30 June 2016 and 30 June 2017 respectively).

This has enabled the Board of Directors to declare fully franked dividends of \$0.10 cents per share for the year ended 30 June 2017.

A large part of the 2017 financial year was taken up with DWS's proposal to acquire the SMS Management and Technology Group ('SMS'). Whilst the ultimate decision made by the DWS Limited Board was not to proceed with the acquisition of SMS, DWS gained valuable insights through the process and further demonstrated the strong financial discipline of the DWS Group and our aim of only pursuing suitable earnings accretive acquisitions to supplement the wide-ranging suite of IT services we currently offer our clients.

DWS will continue to look for suitable acquisitions in 2018 and in the absence of M&A activity or other appropriate investments, DWS will continue to focus on shareholder returns and further paying down debt with surplus cash generated. The DWS Limited Board is committed to growing the DWS operations both organically and through appropriate acquisitions and with its strong balance sheet the DWS Group is well placed to achieve future success.

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As always, I would like to thank the DWS shareholders for their continued support of the DWS Group as well as recognising and thanking the other stakeholders in our business: our clients, my fellow directors, the Executive Management Team and our staff. The DWS Group is well placed for a successful 2018 and we look forward to sharing that success with you.

Dated 22 September 2017

A handwritten signature in black ink, appearing to read 'M. Ralston'.

**Martin Ralston**  
Non-Executive Chairman

“DWS will continue to look for suitable acquisitions and in the absence of M&A activity or other appropriate investments, DWS will continue to focus on shareholder returns and further paying down debt with surplus cash generated.”

# CEO and Managing Director's Report



“In 2018, the DWS Executive will look to grow organically through DWS’s strategy of depth and breadth as well as working with the DWS Board to seek appropriate earnings accretive acquisitions.”

In 2017, DWS continued to execute its successful operating model and to focus on a strategy of depth and breadth including cross-selling Symplicit’s digital and consumer led innovation services to DWS clients.

2017 was another rewarding year for the DWS Group. Despite a fall in revenue from the record 2016 revenue of \$144.5 million to revenue of \$137.4 million in 2017, underlying EBITDA increased from \$25.80 million to \$26.99 million and NPAT increased from \$16.79 million to \$17.39 million.

Our industry leading margins and proven operating model enabled DWS to pay down \$9.0 million of the acquisition debt taken on to fund the acquisitions of Symplicit and Phoenix such that our net debt as at 30 June 2017 was only \$4.1 million. In addition, DWS paid dividends of approximately \$13.2 million (\$0.10 per share) during the period.

DWS experienced strong demand in all States that we operate in and finished the year with billable headcount of approximately 600 following a reduction in contractor headcount as we managed contractor numbers to maintain productivity and match client demand.

In 2017, Symplicit continued to have strong demand for its customer led innovation and digital design services. With these service offerings becoming more and more sought after, DWS continues to be well placed to be the partner of choice for Australian based businesses looking to take advantage of customer led innovation and digital IT strategies. As such, DWS will continue to focus on cross-selling Symplicit’s services as well as the increased range of services offered by the DWS Group as a whole. DWS looks forward to supporting our long term and new clients to achieve their goals in 2018 as we look to grow the DWS Group’s operations.



On behalf of the DWS Executive, I would like to thank our staff for their hard work and commitment during 2017 and our clients for their continued support. The DWS Group is well placed to maintain its strong market position and to seek growth in 2018 through the execution of our strategy of breadth and depth and earnings accretive acquisitions where appropriate. I look forward to sharing DWS's successes with our staff and clients as we enter another year determined to maintain DWS's reputation in the Australian IT services industry as a premier innovation, business and technology partner of choice.

Dated: 22 September 2017

**Danny Wallis**  
CEO and Managing Director

# Year In Review

## Total revenue from continuing operations

2017

\$137.44m

2013: \$109m

2014: \$94m

2015: \$95m

2016: \$144.5m

## EBITDA

2017

\$26.99m

2013: \$24m

2014: \$18m

2015: \$16m

2016: \$25.8m

DWS is maintaining its operational focus and strong financial discipline which will enable DWS to continue to deliver high-quality IT services in 2018 and beyond.

## Adapting to the Market

For over 25 years DWS has been providing clients with high-quality IT services. With the rapid evolution of the IT industry and the emergence of the demand for digital strategies, DWS has positioned itself to be a strategic innovation partner for its clients. DWS is maintaining its operational focus and strong financial discipline which will enable DWS to continue to deliver high-quality IT services in 2018 and beyond.

## The Operating Environment

DWS performed strongly in FY17 in a challenging operating environment. Client demand was strong across all States and Territories that DWS operates in with continued and increasing demand for customer-centred design from Symplicit. The Group benefited from cross-selling amongst DWS clients and from continued demand from long-term clients. The industry remains highly competitive with larger customers seeking to refresh contracts at lower rates. This is offset by increased demand arising from new projects.

During 2017, DWS reduced its contractor numbers in the Information Technology and Communication sector (IT&C) to match client demand and maintain productivity. In keeping with the flexibility of DWS's contractor model, DWS will look to increase contractor numbers in 2018 when demand for contractors returns.

## Moving Forward

DWS will continue to leverage its enhanced service offering to meet the demand of its existing and new clients. DWS's growth strategy will be realised through the expansion of its suite of integrated solutions and service offerings via organic and suitable EPS accretive acquisitions. DWS will continue to provide a positive and inspiring environment for our people while maintaining a strong focus on being our client's partner of choice.

## Financial highlights

	2013	2014	2015	2016	2017
Revenue (\$ million)	109.05	94.40	94.63	144.49	<b>137.44</b>
NPAT (\$ million)	16.86	12.90	10.40	16.79	<b>17.39</b>
Operating cash flow (before interest and tax) (\$ million)	24.55	24.74	15.17	23.92	<b>32.83</b>
Earnings per share (cents)	12.74	9.74	7.87	12.74	<b>13.19</b>
Cash balance (\$ million)	11.79	16.45	10.37	10.16	<b>10.87</b>
Net assets (\$ million)	60.70	60.36	59.62	65.20	<b>69.41</b>
Total dividend attributable to the year (cents)	11.00	8.75	7.50	9.75	<b>10.00</b>

Revenue

**137.44m**

down 4.9%

NPAT

**\$17.39m**

up 3.6%

Dividends per share

**10.00¢**

up 2.6%

Underlying EBITDA

**\$26.99m**

up 4.6%

Total Earnings Per Share

**13.19¢**

up 3.5%

Cash at Bank

**\$10.87m**

# IT Consulting Services

DWS is a leading Australian IT services company and has been delivering end-to-end IT solutions for over 25 years. During 2017, the Company has built on its strengths, particularly in the banking and finance, Government and utilities sectors.

The Australian IT services industry continues to be competitive. The quality of IT specialists in the DWS Group and the proven DWS delivery model are both highly regarded and ensure that DWS retains its long term customers as well as winning new work against its peers in the industry.

Standout projects for DWS during FY17 included:

- working with an international engineering enterprise to create a single source of truth for all projects across Asia Pacific and an upgrade of their data warehouse and Business Intelligence toolsets. DWS consolidated regional data marts in a single warehouse and a training plan with a centric self help strategy was put in place to allow users to customise visualisations whilst performing projects and to capture and share best practice across the region;

- working with one of Australia's data providers, Symplicit undertook research, CX synthesis and visual design initiatives to assist the client's customer experience team in identifying their target market personas. This work resulted in the delivery of eLearning modules and seminars presented to the wider business to continually aid product development and understanding the behaviours, needs and engagement model of their customer markets; and
- installing DWS' iApply online forms solution for a State Government to streamline, digitise and introduce the capability to perform single citizen address changes across seven State Government agencies. The implementation reduced the need for seven different websites into one single process.

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## Revenue by industry sector

Banking & Finance

42%

2016 : 39%

Govt & Defence

13%

2016 : 11%

FMCG & Retail

3%

2016 : 4%

Healthcare

2%

2016 : 1%

IT&C

21%

2016 : 26%

Utilities

12%

2016 : 11%

Resources

0%

2016 : 1%

Transport

5%

2016 : 2%

Other

3%

2016 : 5%

“Bottom line is I couldn’t be happier. They have put a strong team on the ground. In just a few months they have won over the trust of the business”.

## Innovative approach to project management

### Client Issue

A division of one of Australia’s leading banks that executes hundreds of projects per annum went to market seeking a better way to project manage the delivery of these small and medium projects that have a budget of less than \$1.5m.

The client’s goal was an improved and more flexible project management capability and a true partnership model from their chosen innovation partner, DWS.

### DWS solution

DWS was selected based on an ability to mobilise a team of practical and pragmatic project managers under the control of a senior DWS project manager, the ability to flex the capacity outside of the client whilst maintaining intellectual property and being able to collaboratively refine the model with the client for continuous improvement.

Upon engagement, DWS rapidly deployed a team of ‘fit for purpose’ project managers and established a governance regime that included clear client progress reporting plus internal reporting to support measurement of the projects.

### Client benefits

The client is benefiting from a number of successfully delivered and managed projects with several more in progress. The initiative continues to deliver success for the client and is currently being implemented in other divisions within the client.

## Social innovation empowered by technology

### Client issue

Australia’s largest scientific research organisation CSIRO, required a consistent technology based service delivery platform to support their Reflexivity business model which is a program to track and measure companies’ social performance via engagement with local communities.

### DWS solution

CSIRO engaged DWS to deliver and implement the solution. DWS provided a lean start start-up approach that provided CSIRO with a Minimal Viable Product (MVP) that satisfied the Reflexivity model that was also scalable, robust and secure. DWS delivery model was Iterative Agile that provided CSIRO with the flexibility to adapt and prioritise requirements throughout the delivery journey. DWS’s national and considerable experience in Microsoft BI provided insights to CSIRO via interactive dashboards and visualisation solutions enabling CSIRO to assist the local communities to gauge, analyse and respond to relevant issues. By early 2017, the DWS team had successfully delivered the MVP solution including the foundational architecture to enable future scalability and functional enhancement.

### Client benefits

Previously Reflexivity reporting was performed on a project by project basis however following implementation of the MVP, data is now automatically included into the warehouse and is aggregated and available for reporting and analysis. This has assisted Reflexivity to further enhance and build positive relationships between local communities and companies.

“The DWS team did a fantastic job working with us to realise our vision for delivering science impact at scale, for Australia and globally. They worked flexibly and collaboratively with one eye on delivery and one very firmly focussed on the ambition we have for our work”.

Dr Kieren Moffat

*Resources in Society Group Leader, CSIRO Mineral Resources.*

## End-to-end experience design for an underground rail system

### Client issue

Tender responses for a new underground rail system saw consortium proposals submitted to the client with a noted absence of expertise listed in 'Customer Centred Design and Innovation'. The weighting of importance for considering the human needs in building out this new transport system was highly important; consequently, the successful engineering and architect firm was able to secure their bid by including Symplicit – Customer Centred Design and Innovation Specialists – to their consortium response.

### Symplicit solution

Symplicit's role was to ensure the customer was involved throughout the new underground rail system design and imagine the entire end-to-end customer experience, from someone waking at home - right through to their experience of finding the correct platform and to getting on-board the underground rail system.

Given that the new system was yet to be built and only at the 'plan' stage, to help research the experience Symplicit used a range of new and innovative techniques that assisted the architects and engineers to evaluate the proposed design with customers well before the build of the system would begin.

As an example, 3D interactive architectural models were validated with a large sample of potential train users, including a large sample of those with mobility issues, using Virtual Reality goggles to help bring the design to life for participants. The use of 3D models and VR Goggles helped customers to imagine what the architecture designs would be like to walk through, and experience, when built.

Iterative design of these systems well before the expensive build phase has begun meant that Symplicit was able to work with architects and engineers to identify how design of platforms and spaces needed to change in order to better allow for customers line of sight, wayfinding and also transitions between platforms and trains.

### Client benefits

Symplicit's work continues to review and evaluate the architectural and engineering concepts, validate early design concepts from these professionals, and most importantly, involve the prospective customers in the process. These findings are being used to inform the overall experience for all travellers – before the system is even built – paving the way for innovation in building design and new transportation networks. Symplicit's work has led to:

- ensuring the Customer was considered upfront and throughout the architectural and engineering process;
- ensuring that best practice customer centred design principles were observed;
- understanding and designing for journey flows for passengers of varying ability;
- virtual reality testing of concepts with future commuters, ensuring that designs can receive input from the potential users of the system; and
- customer centred design and validation of all to-be built stations before expensive building and engineering stages begin ultimately saving time and money.

Paving the way for innovation in building design and new transportation networks.

# Executive Management Team



**Danny Wallis**  
Managing Director and  
Chief Executive Officer

Danny founded DWS in 1992 and is the Managing Director and Chief Executive Officer. He identified the market opportunity for a high-quality, professional, client-focused IT services organisation and in true entrepreneurial spirit, from that vision set about building DWS into the success story it has become today. From humble beginnings in a one-room operation in Melbourne, DWS now has a national presence and employs over 600 staff. DWS has been built on a philosophy of honesty, ethics and transparency and a thorough appreciation by all staff of the importance of the client-centric focus of the business model and services. As Managing Director and Chief Executive Officer, Danny draws on his over 30 years of skills and experience in the IT industry to lead DWS.



**Stuart Whipp**  
Chief Financial Officer  
and Company Secretary

Stuart Whipp joined DWS in 2016 and was appointed Chief Financial Officer and Company Secretary on 11 January 2016. Stuart leads the finance and support functions within DWS and plays a key role in the review and execution of business acquisition opportunities. In addition, Stuart is responsible for investor relations and capital management for the Group including managing the Group's finance facilities. Prior to joining DWS Stuart held several senior finance and management roles including, CFO and Company Secretary at Estia Health Pty Ltd, CFO at ASG Group Limited and Acting CFO at AWB Limited. Stuart holds a BA and MA in Economics and is a member of the Institute of Chartered Accountants in England and Wales and a Member of the Australian Institute of Company Directors.

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# Management Team



**Campbell Johnston**  
National Sales Manager

Campbell joined DWS in September of 2017 and continues to build on a 27 year career in technology. Campbell has a strong background in professional services having worked in a number of IT Consulting organisations in senior management roles. Campbell has experience as CEO of Proglity Technologies, and MD of Koukia (a division of Wesfarmers) as well as a background in banking and financial services. Campbell has a focus on continuing to grow the market presence of DWS as a strong solution provider with deep integration with clients' current and future needs by ensuring that business development and customer engagement activities help to add value to DWS' clients as well as growing the strong reputation of the business overall.



**Malcolm Sheehan**  
National Operations Manager

Malcolm joined DWS in August 2017 and has over 20 years experience spanning digital media, advertising, sales and business systems and process implementation. Malcolm is a commercially focused leader in Technology and Digital Operations and the roles held have seen him bridge technology and business goals to successfully implement change with sustainable business benefit, productivity uplift and continuous improvement across the end to end business value chain. Malcolm is customer focused with strong stakeholder management and business partnering skills, with a proven ability to set a vision and bring others along the journey.



**Scott Sheldon**  
National Delivery Lead

Scott joined DWS in March 2015, having spent 23 years with Accenture in various international locations. Through his career with Accenture, Scott experienced all facets of large scale IT delivery and consulting. As a Senior Executive at Accenture, Scott led an industry-focused Delivery Centre in Australia with groundbreaking major projects in the early 2000's. In his later years at Accenture, Scott was instrumental in various 'high-touch' programs that changed the Accenture way of working, including oversight of a global program to build solution planning and delivery leadership capabilities.



**Jodie Moule**  
Co-founder – Symplicit Pty Ltd  
Executive Director

Jodie co-founded Symplicit in 2002 and built the company into one of Australia's leading user experience, digital strategy and design and innovation consultancy businesses. Prior to the world of customer-led innovation, Jodie worked in the service industry, and retail world, clinical and also organisational psychology. As a registered psychologist, Jodie believes that understanding human behaviour allows you to change the customer experience, and that change happens through great design.



**Mark Thomas**  
General Manager  
New South Wales

Mark joined DWS in 2013 continuing a 25-year career in the ICT sector which has included the previous roles as CIO for the Australian subsidiary of a multinational company, NSW General Manager of a tier-two Australian-based ICT consulting company, and a number of 'hands-on' consulting assignments within a variety of industries. Being a qualified accountant, Mark brings a commercial focus, Sydney market knowledge and a solutions selling background to DWS.



**Rowan Patterson**  
General Manager  
Queensland

Rowan joined DWS in 2016. He has previously held positions in a variety of professional services businesses including SMS Management and Technology, Snowden Technologies, and TSWG. Rowan has considerable knowledge and experience in sales, consultancy, ICT delivery, management and business improvement. Rowan holds a Bachelor of Applied Science (Computing) and Project Management Professional (PMP) accreditation, and is currently completing a Master of Business Administration (MBA). Rowan brings twenty-nine years of local Brisbane ICT industry knowledge and has a focus on sustainable professional service solutions.



**Jason Dreimanis**  
General Manager  
South Australia

Jason joined DWS in 2014 and prior to this held senior positions in a range of ICT businesses including TechnologyOne, Esri Australia and EDS. He has considerable practical experience in sales, management and business improvement, coupled with formal qualifications having completed a Master of Business Administration (MBA) and a Bachelor of Computer and Information Science. Jason brings significant knowledge of the local industries in the South Australian marketplace, with a focus on achieving commercial IT solutions for clients.



**Sally Cullinane**  
General Manager  
Human Resources

Sally has over 20 years' experience in human resources in a variety of operational, organisational development and learning and development roles in both financial services and professional services. Sally has had the unique opportunity of working with DWS since its beginnings and to see the organisation develop. Sally has established strong working relationships with the consulting community at DWS and part of her focus is to ensure that everyone at DWS works to their fullest potential with the appropriate level of support from the consultant support centre.

Sally holds a Bachelor's Degree in Social Science and an Associate Diploma in Business.

# Board of Directors



**Danny Wallis**  
Managing Director and  
Chief Executive Officer

Danny founded DWS in 1992 and is the Managing Director and Chief Executive Officer. He identified the market opportunity for a high-quality, professional, client-focused IT services organisation and in true entrepreneurial spirit, from that vision set about building DWS into the success story it has become today. From humble beginnings in a one-room operation in Melbourne, DWS now has a national presence and employs over 600 staff. DWS has been built on a philosophy of honesty, ethics and transparency and a thorough appreciation by all staff of the importance of the client-centric focus of the business model and services. As Managing Director and Chief Executive Officer, Danny draws on his over 30 years of skills and experience in the IT industry, leading DWS and providing support to the executive and management team.



**Martin Ralston**  
Chairman and Independent  
Non-Executive Director

A veteran of the information technology sector, Martin has been involved in the IT industry since 1970. Over the span of his career, he worked in various roles with BHP Billiton, Computer Accounting Services and Accenture (previously Andersen Consulting) where he became a Partner in 1985. Filling a number of senior management positions during his tenure with Accenture, Martin held roles of Managing Partner – Technology Competence, Managing Partner – Government Services, and Managing Partner – Business Outsourcing. He retired from Accenture in August 2001. Martin holds a Bachelor of Economics from Monash University and is currently a Board Member of the Monash University Medical Research Foundation and a Trustee of the Royal Melbourne Hospital Neurological Science Foundation.



**Ken Barry**  
Independent Non-Executive  
Director

With over 40 years of corporate, commercial, legal and compliance experience with listed and unlisted companies, Ken provides valuable insights to the DWS Board. Ken previously held positions as Chairman of national law firm Deacons (now called Norton Rose Fulbright Australia), Director of the National Electricity Market Management Company Limited and Yallourn Energy Limited and Chairman of Ausdoc Group Limited and Freightway Express Limited (NZ). In addition to being a Non-Executive Director of DWS, Ken is currently the Chairman of the advisory Board of leading thoroughbred stud Coolmore Australia, and a Director of Thoroughbred Breeders Australia Ltd and Next Generation Australia Pty Ltd.



**Gary Ebeyan**  
Independent Non-Executive  
Director

Gary has more than 25 years' experience in the IT industry following his graduation from the University of Melbourne with a Bachelor of Science degree. He established his first IT business at the age of 23, developing software products for the building industry. The business gained reputable customers such as Jennings Industries, Pioneer Group, BP Australia and BHP Melbourne Research Laboratories. After eight years of success, Gary established Expert Information Services to focus on the growing IT services market. Gary's focus on business excellence was recognised by The Age/D&B Awards with Expert Information Services being awarded Best Victorian IT Business in 2001 and 2002, and Best Overall Victorian Business in 2001. In recognition of his achievements and personal contribution to Australian business, Gary was awarded the Centenary Medal for services to business by the Prime Minister and the Governor General. He also became a finalist in the 2003 Victorian region Entrepreneur of the Year Award.



**Selina Lightfoot**  
Independent Non-Executive  
Director

Selina is a company director and consultant, joining the DWS Board in December 2016. Selina has extensive experience as a commercial and legal adviser, including as a Partner of Freehills (now Herbert Smith Freehills) for over 10 years in the Mergers & Acquisitions and TMT teams. Selina's experience includes advising on private M&A, restructuring and business integration, technology outsourcing and procurement as well as risk and corporate governance, across a range of industries including health, financial services, consumer goods and professional services. Other roles held by Selina include directorships with JDRF Australia, Nuchev Pty Ltd and The Queen Elizabeth Centre and an advisory board role with TLC Aged Care.



**Hayden Kelly**  
Non-Executive Director

Hayden Kelly purchased Phoenix in 2006 and was instrumental in the double digit growth of the Company year on year. From 2006 until the acquisition of Phoenix by the DWS Limited Group, Hayden oversaw the business and IT consulting, productivity and sourcing and the technical services of Phoenix. Prior to purchasing Phoenix, Hayden was a senior executive in Telstra with a variety of roles and responsibilities including responsibility for procurement, fleet, properties and supply chain as well as running significant cost reduction projects.



**Jodie Moule**  
Executive Director

Jodie co-founded Symplicit in 2002 and built the company into one of Australia's leading user experience, digital strategy and design and innovation consultancy businesses. Prior to the world of customer-led innovation, Jodie worked in the service industry, and retail world in clinical and also organisational psychology. As a registered psychologist, Jodie believes that understanding human behaviour allows you to change the customer experience, and that change happens through great design.

# Financial Report

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# Directors' Report

For the Year Ended 30 June 2017

The Directors present their report together with the Financial Report of DWS Limited (the Company) and of the consolidated entity (or the Group or DWS), being the Company and the entities it controlled during the year ended 30 June 2017, and the auditor's report thereon.

## Directors

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

Name, Qualifications and Independence Status	Experience, Special Responsibilities and Other Directorships
<b>Danny Wallis, BCS</b> Managing Director and Chief Executive Officer Elected 28 December 1998 Re-elected 24 October 2006	Danny Wallis founded DWS in 1992 when he identified the market opportunity for a high-quality, professional, client-focused IT services organisation and has led the Company through its various growth and development initiatives. Immediately prior to forming DWS, Danny Wallis worked with ANZ Bank.
<b>Martin Ralston, B. Economics</b> Chairman and Independent Non-Executive Director Elected 5 November 2008 Re-elected 12 November 2014	Martin Ralston has over 30 years' experience in the IT sector and has held senior roles at BHP Billiton, Computer Accounting Services and Accenture (previously Andersen Consulting), where he was the Managing Partner of numerous business divisions until his retirement in 2001. Martin Ralston is a Board member of the Monash University Medical Research Foundation, a Trustee of the Royal Melbourne Hospital Neurological Science Foundation and was previously Non-Executive Chairman of Transol Corporation Limited. Martin Ralston is a member of the Audit, Risk and Compliance Committee and the Remuneration and Nominations Committee.
<b>Ken Barry, LLB</b> Independent Non-Executive Director Elected 9 May 2006 Re-elected 10 November 2015	Ken Barry is a lawyer who was the Chairman of national law firm Deacons (now called Norton Rose Fulbright Australia) from 2004–2009. In addition to being a Non-Executive Director of DWS, Ken Barry is currently the Chairman of the advisory Board of leading thoroughbred stud Coolmore Australia, and a Director of Thoroughbred Breeders Australia Ltd and Next Generation Australia Pty Ltd. Ken Barry is Chairman of the Audit, Risk and Compliance Committee and a member of the Remuneration and Nominations Committee.
<b>Gary Ebeyan, B. Sc</b> Independent Non-Executive Director Elected 8 November 2010 Re-elected 15 November 2016	Gary Ebeyan is a seasoned professional with over 25 years' experience in the IT industry. Gary Ebeyan has built several successful businesses within the IT industry including Expert Information Services with which Gary Ebeyan was recognised by 'The Age/D&B Awards' for 'Best Victorian IT Business' in 2001 and 2002, and 'Best Overall Victorian Business' in 2001. In 2004, Gary Ebeyan became the CEO of Infosys Australia following the acquisition of Expert Information Services by the global offshore outsourcing company Infosys Technologies Limited. Under Gary Ebeyan's leadership, Infosys Australia grew to over 2,500 staff servicing the Australian market with consolidated revenues reaching well over \$250 million. Gary Ebeyan is Chairman of the Remuneration and Nominations Committee and is a member of the Audit, Risk and Compliance Committee.
<b>Selina Lightfoot, BA/LLB</b> Independent Non-Executive Director Appointed 19 December 2016	Selina Lightfoot is a company Director and consultant, joining the Board in December 2016. Selina Lightfoot has extensive experience as a commercial and legal adviser, including as a Partner of Freehills (now Herbert Smith Freehills) for over 10 years in the Mergers & Acquisitions and TMT teams. Her experience includes advising on private M&A, restructuring and business integration, technology outsourcing and procurement as well as risk and corporate governance, across a range of industries including health, financial services, consumer goods and professional services. Other roles held by Selina Lightfoot include directorships of JDRF Australia, Nuchev Pty Ltd and The Queen Elizabeth Centre and an advisory board role with TLC Aged Care. Selina Lightfoot is a member of the Audit, Risk and Compliance Committee.
<b>Hayden Kelly</b> Non-Executive Director Elected 15 November 2016	Hayden Kelly purchased Phoenix in 2006 and was instrumental in the double digit growth of the Company year on year. From 2006 until the acquisition of Phoenix by the DWS Limited Group, Hayden Kelly oversaw the business and IT consulting, productivity and sourcing and the technical services of Phoenix. Prior to purchasing Phoenix, Hayden Kelly was a senior executive in Telstra with a variety of roles and responsibilities including responsibility for procurement, fleet, properties and supply chain as well as running significant cost reduction projects.
<b>Jodie Moule</b> Executive Director Elected 15 November 2016	Jodie Moule co-founded Symplicit in 2002 and built the company into one of Australia's leading user experience, digital strategy and design and innovation consultancy businesses. Prior to the world of customer-led innovation Jodie Moule worked in the service industry and retail world, clinical and also organisational psychology. As a registered psychologist, Jodie Moule believes that understanding human behaviour allows you to change the customer experience, and that change happens through great design.

# Directors' Report continued

For the Year Ended 30 June 2017

## Company Secretary

Mr Stuart Whipp, BA Hons, MA, ACA, MAICD, was appointed to the position of Company Secretary on 11 January 2016. Stuart Whipp is also the Chief Financial Officer of the DWS Group, a position he was appointed to on 11 January 2016.

## Officers who were previously partners of the audit firm

There are no officers of the Company who were previously partners or Directors of the current audit firm, Grant Thornton Audit Pty Ltd.

## Directors' meetings

The number of meetings of the Company's Directors (including meetings of formally constituted Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Board of Directors		Audit, Risk and Compliance		Remuneration and Nomination	
	Held	Attended	Held	Attended	Held	Attended
Ken Barry	20	17	4	3	2	1
Danny Wallis	20	18	-	-	-	-
Gary Ebeyan	20	20	4	4	2	2
Martin Ralston	20	20	4	4	2	2
Selina Lightfoot <sup>1</sup>	14	14	1	1	-	-
Jodie Moule	20	20	-	-	-	-
Hayden Kelly	20	20	-	-	-	-

1. Ms Lightfoot was appointed as a Director of DWS Limited on 19 December 2016.

## Election of Directors

Clause 15.3 of the Company's Constitution requires that at each Annual General Meeting one-third of the Directors must retire from office. Therefore, Mr Martin Ralston and Mr Ken Barry retire by rotation and are eligible for re-election. Ms Selina Lightfoot was appointed as a Director on 19 December 2016 and will stand for election at the next general meeting of shareholders.

## Remuneration and Nominations Committee

The Remuneration and Nominations Committee (Committee) met three times during the financial year and the Committee members' attendance record is disclosed in the table of Directors' meetings on page 20. The Board policy is that the Committees will comprise a majority of independent Non-Executive Directors.

The members of the Committee are:

Gary Ebeyan (Chairperson)	Independent Non-Executive
Martin Ralston	Independent Non-Executive
Ken Barry	Independent Non-Executive

The Committee oversees the appointment and induction process for Directors and Committee members and the selection, appointment and succession planning process of the Company's CEO. The Committee makes recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position. When a vacancy exists or there is a need for particular skills, the Committee in consultation with the Board determines the selection criteria based on the skills deemed necessary. The Board will then appoint the most suitable candidate. A Board appointment must stand for election at the next general meeting of shareholders.

The terms and conditions of the appointment and retirement of Non-Executive Directors are set out in a letter of appointment, including expectations for attendance and preparation for all Board meetings, minimum hourly commitment, appointments to other Boards, the procedures for dealing with conflicts of interest and the availability of independent professional advice.

The Committee also reviews and makes recommendations to the Board on remuneration packages and policies applicable to the CEO and senior Executives. It is also responsible for share and option schemes, incentive performance packages, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

The Committee's Charter is available on the Company's website.

## Principal activities and operations review

### Activities

DWS Limited (DWS) provides information technology services to a broad range of large corporations and government bodies. Established in 1992 with three employees, DWS has grown to in excess of 600 staff with operations in Melbourne, Sydney, Brisbane, Adelaide and Canberra and is listed on the Australian Securities Exchange (ASX). DWS provides an innovative approach to service delivery by offering a suite of integrated solutions spanning:

- IT consulting services including IT strategy and architecture advice, program and project management, business and technical analysis, custom application development, systems integration and solution testing;
- digital solutions incorporating data automation and capture systems, customer-led innovation, digital strategy and design services;
- business intelligence including advanced analytics, Power BI and data warehouse as a service;
- strategic sourcing and productivity services; and
- managed application services using a mix of offshore, on-site, off-site and high-security models depending on client requirements.

DWS's quality certified methodology focuses on the quality and timeliness of delivery, and it also has a deep client focus assisting the establishment of long term client partnerships.

### Likely developments, business strategies and prospects

Information relating to the likely developments in the operations of the Group and the expected results of those operations in future financial years is set out in the accompanying Chairman's Report and Chief Executive Officer's Report.

Unless otherwise stated in this Statement, the Group has followed the ASX Corporate Governance Principles and Recommendations (third edition) throughout the financial year ended 30 June 2017.

### Operations review

A summary of the 2017 financial year results is presented below.

Revenue from operations decreased by \$7.056 million (or 4.9 per cent) over the previous financial year, billable staff decreased by 119 to be 596 at 30 June 2017, underlying EBITDA increased by \$1.187 million (or 4.6 per cent) to \$26.992 million and earnings delivered for the financial year were \$17.390 million (up 3.6 per cent).

The Group's balance sheet remains strong and liquid with \$10.87 million in cash as at 30 June 2017. The Board has declared a final fully franked dividend of 5.0 cents per ordinary share for 2017 which brings the total return to shareholders for the 2017 year to 10.0 cents (fully franked).

The Directors have assessed that the operating environment will remain stable for the first half of FY18, primarily as a result of customer feedback and the pipeline of projects. DWS will look to add to the breadth and depth of its services portfolio through suitable EPS accretive acquisitions and organic growth to enhance the value of the services it's able to take to its clients.

The Directors believe the Group is in a strong and stable financial position to expand and grow its current operations. There have been no significant changes in the state of affairs of the consolidated Group or parent entity during the financial year.

# Directors' Report continued

For the Year Ended 30 June 2017

## Principal activities and operations review continued

### Environmental regulation

The consolidated Group is not subject to any significant environmental regulation under the law of the Commonwealth or a State or Territory of Australia.

## Dividends

2017	Cents Per Share	Total Amount \$'000	Franked/Unfranked	Payment Date
Final 2016 ordinary	5.00	6,592	Franked at 30%	4-Oct-16
Interim 2017 ordinary	5.00	6,592	Franked at 30%	4-Apr-17

Declared final dividend	2017 \$'000	2016 \$'000
Declared final fully franked ordinary dividend of 5.00 cents (2016: 5.00 cents) per share at the tax rate of 30%	6,592	6,592

All franked dividends paid and declared by the Company since the end of the previous financial year were fully franked at 30 per cent.

## Directors' interests

The relevant interests of each Director in the shares, rights or options over such instruments issued by the companies within the consolidated entity, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report are as follows:

2017	Ordinary Shares Number	Options Over Ordinary Shares Number
Danny Wallis <sup>2</sup>	56,305,283	-
Ken Barry <sup>1</sup>	103,333	-
Martin Ralston <sup>2</sup>	52,000	-
Gary Ebeyan <sup>1</sup>	16,130	-
Jodie Moule	-	-
Hayden Kelly	-	-
Selina Lightfoot	13,200	-

1. Interest held in related entities.

2. Interests held directly and in related entities.

## Indemnification and insurance of officers and auditors

During the financial year, the Group paid a premium to insure officers of the Company and related bodies corporate. The officers of the Company covered by the insurance policy at 30 June 2017 included the Directors, CFO and Company Secretary.

The Directors have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liability and legal expenses insurance contracts, as such is prohibited under the terms of the contract.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or a related body corporate. No insurance premiums are paid by the Group in regard to insurance cover provided to the auditor of the Group, Grant Thornton Audit Pty Ltd. The auditor is not indemnified and no insurance cover is provided to the auditor by the Company.

## Proceedings on behalf of Company

No person has applied for leave of a Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

## Non-audit services

During the year Grant Thornton Audit Pty Ltd, the Company's auditor and its related entities, provided due diligence and transaction services to DWS in relation to DWS's proposed acquisition of the SMS Management and Technology Group in addition to their statutory audit duties.

## Events subsequent to reporting date

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years;
- (b) the results of those operations in future financial years; and
- (c) the consolidated entity's state of affairs in future financial years.

## Remuneration Report

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company.

## Remuneration policies

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of creation of value for the Group. The remuneration structures take into account:

- the capability and experience of the Directors and senior Executives;
- the Directors and senior Executives' ability to control the relevant performance of the Group; and
- the Group performance.

Remuneration packages include a fixed and variable component for Executives and a fixed component for Executive Directors.

## Elements of remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and each of the named KMP of the consolidated entity are detailed in the table under Directors and Executive officers' remuneration.

## Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Compensation levels are reviewed annually through a process that considers individual, segment and Group performance. They have been competitively set to be in line with listed entities of a similar size and operating within similar industries. A senior Executive's compensation is also reviewed on promotion and on the acceptance of other roles within the Group.

## Performance-linked remuneration

Performance-linked remuneration includes both short term and long term incentives, and is designed to reward management personnel for meeting or exceeding their financial and personal performance objectives.

The short term incentive (STI) is an 'at risk' bonus provided in the form of a cash benefit payable upon key performance indicators (KPI) being met by relevant management personnel. These KPIs are set annually in consultation with relevant management staff and are typically based on a combination of qualitative and quantitative measures.

The long term incentive (LTI) is an 'at risk' deferred bonus provided in the form of a cash benefit payable upon the successful completion of relevant tenure based conditions.

# Directors' Report continued

For the Year Ended 30 June 2017

## Remuneration policies continued

### Short term incentive bonus

Each year the Remuneration and Nominations Committee sets the KPIs for the senior Executives. The KPIs generally include measures relating to the Group, the relevant region and the individual. They can include financial, people, customer, strategy and risk measures. The measurements are chosen to directly align the individual's reward to the KPIs of the Group and to its strategy and performance. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes and staff development. Consideration is also given as to the Executives' ability to influence certain factors which may have affected performance during the period.

At the end of the financial year the Remuneration and Nominations Committee assesses the actual performance of the Group and the individual in meeting the Group's quantitative and qualitative performance objectives. The performance evaluation in respect of the year ended 30 June 2017 has taken place in accordance with this process.

The Remuneration and Nominations Committee recommends the quantum of the short term cash incentive bonus to be paid to the individuals for approval by the Board. Assessment methods have been chosen to provide the Committee with an objective assessment of each individual's performance.

### Analysis of STI included in remuneration

Details of the percentage of the available STI that was expensed in the 2017 financial year to the named KMP and the percentage that was forfeited because the person did not meet the performance criteria is set out below. Non-Executive Directors do not participate in the STI scheme.

<b>Short Term Incentive</b>	<b>Included in Remuneration \$</b>	<b>Vested in Year %</b>	<b>Forfeited in Year %</b>
Stuart Whipp (CFO)	215,000	100	-
Andrew Rose (COO)	140,000	100	-

### Long term incentive deferred bonus

In 2012, the Company introduced a Long Term Incentive (LTI) structure for senior Executives. The Remuneration and Nominations Committee has assessed KPIs for the senior Executives relevant to the qualitative and quantitative performance of the Company over the previous 18 months and likely resultant outcomes over the next 18 months. These KPIs relate to the Group's financial performance, implementation of the Company's strategic plan and staff engagement initiatives.

The non-financial objectives vary with position and responsibility. Consideration is also given as to the Executives' ability to influence certain factors which may have effected performance during the period.

At the end of the financial year the Remuneration and Nominations Committee assesses the actual performance of the Group and the individual in meeting the Group's quantitative and qualitative performance objectives. A LTI amount is then awarded with a deferred payment date of 15 months from the end of the financial year. Should the Executive leave the employment of the Company prior to the vesting conditions being met, then the Executive forfeits any entitlement to any outstanding LTI amounts.

The Remuneration and Nominations Committee recommends the quantum of the LTI bonus to be paid to the individuals for approval by the Board. Assessment methods have been chosen to provide the Committee with an objective assessment of each individual's performance.

Details of the percentage of the available bonus that was expensed in the 2017 financial year to the named KMP and the percentage that was forfeited because the person did not meet the performance criteria is set out below.

<b>Long Term Incentive</b>	<b>Included in Remuneration \$</b>	<b>Vested in Year %</b>	<b>Forfeited in Year %</b>
Stuart Whipp (CFO)	140,000	100	-
Andrew Rose (COO)	-	-	-

## Other benefits

There are no other benefits received by the Directors or Executives of the Company that relate to performance except for an Earn Out Payment made to Jodie Moule as part of the acquisition of Symplicit Pty Ltd by the Group. Jodie Moule received \$525,000 as a result of Symplicit Pty Ltd achieving the Earn Out Target for the year ended 30 June 2017.

## Service agreements and contract details

It is the consolidated entity's policy that contracts of employment for Executive Directors and senior Executives be for a term of three years but capable of termination within a notice period.

- Mr Danny Wallis's contract allows for three months' notice of termination.
- Mr Stuart Whipp's contract allows for three months' notice of termination.
- Ms Jodie Moule's contract allows for three months' notice of termination.

## Non-Executive Directors

Base remuneration for all the Non-Executive Directors was determined at a general meeting of the Company shareholders on 15 November 2016 and is not to exceed \$600,000 per annum. Directors' base fees are set out in the table under Directors and Executive officers' remuneration.

There are no other performance incentives for Non-Executive Directors.

## Consequences of performance on shareholders' wealth

In considering the Group's performance and benefit for shareholders' wealth, the Remuneration and Nominations Committee had regard to the following measures in respect of the current financial year and the previous four financial years:

Measure	2017 \$'000	2016 \$'000	2015 \$'000	2014 \$'000	2013 \$'000
EBITDA	26,243	25,502	15,134	18,214	24,324
Net profit after tax	17,390	16,790	10,399	12,897	16,858
	Cents	Cents	Cents	Cents	Cents
Dividend	10.0	9.75	7.5	8.75	11.0
Change in share price	38.0	53.5	(57.5)	(28.0)	(3.0)
Share price close	150.0	112.0	58.5	116.0	144.0

Share close price = as at 30 June of each financial year.

EBITDA (along with other measures) is considered in determining the STI amount paid. The Remuneration and Nominations Committee considers that the above performance-linked remuneration structure is generating the desired outcomes.

# Directors' Report continued

For the Year Ended 30 June 2017

## Remuneration policies continued

### Consequences of performance on shareholders' wealth continued

Year	Short-term Remuneration			Post-employment Benefits	Long-term Benefits	Total \$	Proportion of Remuneration Performance Related %
	Base Remuneration \$	STI Cash Bonus/ Other Cash Bonus \$	Non-cash Benefits (a) \$	Superannuation/ Pension Benefits \$	LTI Deferred Cash Bonus \$		
<b>Director</b>							
<b>Non-Executive</b>							
Martin Ralston	2017	86,400	-	-	33,600	120,000	-
	2016	57,948	-	-	44,679	102,627	-
Ken Barry	2017	82,192	-	-	7,808	90,000	-
	2016	76,656	-	-	7,282	83,938	-
Gary Ebeyan	2017	82,192	-	-	7,808	90,000	-
	2016	76,653	-	-	7,282	83,935	-
Hayden Kelly <sup>1</sup>	2017	102,795	-	-	6,547	109,342	-
	2016	-	-	-	-	-	-
Selina Lightfoot <sup>2</sup>	2017	42,993	-	-	4,084	47,077	-
	2016	-	-	-	-	-	-
<b>Executive</b>							
Danny Wallis CEO	2017	265,000	-	-	35,000	300,000	-
	2016	254,967	-	-	35,679	290,646	-
Jodie Moule	2017	239,931	-	-	20,489	260,420	-
	2016	180,362	109,375	-	17,134	306,871	-
Hayden Kelly <sup>1</sup>	2017	-	-	-	-	-	-
	2016	416,667	500,000	-	-	916,667	-
<b>Total all Directors</b>	2017	<b>901,503</b>	<b>-</b>	<b>-</b>	<b>115,336</b>	<b>1,016,839</b>	<b>-</b>
	2016	1,063,253	609,375	-	112,056	1,784,684	34
<b>Key management personnel</b>							
Stuart Whipp (CFO/Company Secretary) <sup>3</sup>	2017	311,500	215,000	-	30,000	140,000	696,500
	2016	127,811	66,600	-	32,286	66,600	293,297
Andrew Rose (COO) <sup>4</sup>	2017	409,886	140,000	-	19,616	-	569,502
	2016	326,153	140,000	-	30,576	140,000	636,729
James Hatherley (CFO/Company Secretary) <sup>3</sup>	2017	-	-	-	-	-	-
	2016	197,152	-	-	18,461	-	215,613
<b>Total all key management personnel</b>	2017	<b>1,622,889</b>	<b>355,000</b>	<b>-</b>	<b>164,952</b>	<b>140,000</b>	<b>2,282,841</b>
	2016	1,714,369	815,975	-	193,379	206,600	2,930,323

1. Mr Kelly changed from Executive Director to Non-Executive Director effective 25 August 2016.

2. Ms Lightfoot was appointed on 19 December 2016.

3. Mr Hatherley resigned on 5 February 2016 and Mr Whipp was appointed on 11 January 2016.

4. Mr Rose resigned on 14 June 2017.

Executive Directors may elect to have a combination of benefits provided out of their fixed annual remuneration. The value of any non-cash benefits provided includes the cost of any fringe benefits tax payable by the Group as a result of providing the benefit.

### Shares held by key management personnel

	Held at 30 June 2016	Purchases/ (Disposals)	Held at 30 June 2017
<b>Directors</b>			
Ken Barry <sup>1</sup>	103,333	-	<b>103,333</b>
Danny Wallis <sup>2</sup>	56,305,283	-	<b>56,305,283</b>
Martin Ralston <sup>2</sup>	67,000	(15,000)	<b>52,000</b>
Gary Ebeyan <sup>1</sup>	16,130	-	<b>16,130</b>
Jodie Moule	-	-	-
Hayden Kelly	-	-	-
Selina Lightfoot	-	13,200	<b>13,200</b>
<b>Key management personnel</b>			
Stuart Whipp <sup>1</sup>	50,000	-	<b>50,000</b>
Andrew Rose	-	-	-

1. Interest held in related entities.

2. Interest held directly and in related entities.

### End of Remuneration Report

### Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee (Committee) has a documented Charter, approved by the Board. The Committee comprises a majority of independent Non-Executive Directors. The Chairperson may not be the Chairperson of the Board. The Committee advises on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the consolidated entity.

The members of the Committee during the period were:

Ken Barry	Chairman and Independent Non-Executive Director
Martin Ralston	Independent Non-Executive Director
Gary Ebeyan	Independent Non-Executive Director
Selina Lightfoot	Independent Non-Executive Director

The external auditors and CFO are invited to the Committee meetings at the discretion of the Committee. The Committee met four times during the year.

The CEO and the CFO declared in writing to the Board that the financial records of the Group for the financial year have been properly maintained, the Group's Financial Reports for the year ended 30 June 2017 comply with the accounting standards and present a true and fair view of the Group's financial condition and operational results. This statement is updated annually.

The Audit, Risk and Compliance Committee's Charter is available on the Group's website along with information on procedures for the selection and appointment of the external auditor, and for the rotation of the external audit engagement partner.

# Directors' Report continued

For the Year Ended 30 June 2017

## **Audit, Risk and Compliance Committee** continued

The responsibilities of the Audit, Risk and Compliance Committee include reporting to the Board on:

- reviewing the annual, half-year and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholder needs;
- assessing corporate risk assessment processes;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor provides an annual declaration of independence, which is in accordance with *Corporations Act 2001*;
- reviewing the nomination and performance of the external auditor. The external auditors were appointed in 2006;
- assessing the adequacy of the internal control framework and the Group's code of ethical standards;
- monitoring the procedures to ensure compliance with the *Corporations Act 2001* and the ASX Listing Rules and all other regulatory requirements; and
- addressing any matters outstanding with the auditors, the Australian Taxation Office, the Australian Securities and Investments Commission and the ASX.

The Committee reviews the performance of the external auditors on an annual basis to:

- discuss the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents prior to announcement of results;
- review the draft Financial Report and recommend Board approval of the Financial Report;
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made and;
- as required, to organise, review and report on any special reviews or investigations deemed necessary by the Board.

### **Risk management**

The Board oversees the establishment, implementation and review of the Group's Risk Management System. Management have established a Risk Management System for assessing, monitoring and managing operational, financial reporting and compliance risks for the consolidated entity. Material risks are directed to the Audit, Risk and Compliance Committee as appropriate. The CEO and CFO have reported to the Board that the financial risk management and associated compliance and controls have been assessed and found to be operating effectively.

### **Risk management and compliance and control**

The consolidated entity strives to ensure that its services are of the highest standard. The entity has accreditation AS/NZS ISO 9001:2000 Quality Management Systems with the SpinnakerOne methodology.

The Group has been a disclosing entity since listing on the ASX on 15 June 2006. A review of the internal controls and compliance has been undertaken. The Board being responsible for the overall internal control framework is committed to this review but recognises that no cost-effective internal control system will preclude all errors and irregularities.

### **Quality and integrity of personnel**

Formal appraisals are conducted annually of all employees as well as a comprehensive induction process for all new employees. Training and development at a group and individual level are offered. This, together with appropriate remuneration and incentives, creates an environment of co-operation and constructive dialogue with employees and senior management.

### **Financial reporting**

The CEO and the CFO have declared in writing to the Board that the Group's Financial Reports are founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board. Monthly actual results are reported against budgets approved by the Directors and revised forecasts for the year are prepared where appropriate.

# Directors' Report continued

For the Year Ended 30 June 2017

## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 31 and forms part of the Directors' Report for the year ended 30 June 2017.

## Rounding off

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191, the amounts in the Directors' Report and Financial Report have been rounded to the nearest one thousand dollars or in certain cases, to the nearest dollar (where indicated).

This report is made in accordance with a resolution of the Directors.



**Danny Wallis**  
Director

Signed at Melbourne this day 22 September 2017

# Auditor's Independence Declaration



The Rialto, Level 30  
525 Collins St  
Melbourne Victoria 3000

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## Auditor's Independence Declaration to the Directors of DWS Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of DWS Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

S C Trivett  
Partner - Audit & Assurance

Melbourne, 22 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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# Corporate Governance Statement

The Company supports and complies with the Australian Securities Exchange's (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

The Group's Corporate Governance Statement for the financial year ending 30 June 2017 is dated as at 30 June 2017 and was approved by the Board on 22 September 2017. Further information on the Company's corporate governance policies and practices can be found on the Company's website at [www.dws.com.au](http://www.dws.com.au).

## **Principle 1: Lay solid foundations for management and oversight**

The Board has adopted a Charter that sets out, among other things, its specific powers and responsibilities and the matters delegated to the Chief Executive Officer (CEO) and those reserved for the Board. A copy of the Charter is available on the Company's website. As part of the Board's oversight of senior management, all Company Executives are subject to annual performance reviews and planning. Each Executive is assessed against a range of criteria including financial goals, completion of key performance measures and adherence to the Company's values.

## **Principle 2: Structure the Board to add value**

The Board is structured to bring a range of skills, experience, expertise and diversity to the Company. Page 19 of this report sets out the qualifications, expertise and experience of each Director in office as at the date of this Directors' Report. Under the Board Charter and the ASX Principles, the Board should comprise a majority of independent Non-Executive Directors. In determining whether a Director is independent or otherwise, the Board considers the matters set out in the Charter. The Board currently has seven Directors of whom four are independent Non-Executive Directors, with the Chairman being one of the independent Non-Executive Directors and having a casting vote. The Board carries out a number of its duties and responsibilities through the Remuneration and Nominations Committee and the Audit, Risk and Compliance Committee. Details of the Remuneration and Nominations Committee are set out on page 20 and the Audit, Risk and Compliance Committee on pages 27 and 28 of this report.

## **Principle 3: Promote ethical and responsible decision making**

The Company considers its reputation one of its most valuable assets, founded largely on the ethical behaviour of its people. The Board has approved a Code of Conduct that sets out principles of ethical behaviour for key management personnel. Information relating to this policy is available on the Company's website. In addition, the Board has established a Share Trading Policy which governs dealing in the Company's shares. Information relating to this policy is available on the Company's website.

## **Principle 4: Safeguard integrity in financial reporting**

The Board has established an Audit, Risk and Compliance Committee which assists the Board in the effective discharge of its responsibilities for financial reporting, internal controls, risk management, internal audit, external audit and insurance (with the exception of Directors' and officers' insurance). Details of the Committee are set out on the Company's website. The composition and structure of the Audit, Risk and Compliance Committee comply with the ASX Principles. The members of the Audit, Risk and Compliance Committee are set out on page 27 of this report and their attendance at meetings of the Committee are set out on page 20 of this report.

## **Principle 5: Making timely and balanced disclosure**

The Company is subject to continuous disclosure obligations under the ASX Listing Rules and Australian Corporations legislation. Subject to limited exceptions, the Company must immediately notify the market, through the ASX, of any information that a reasonable person would expect to have a material effect on the price or value of its securities. To this end, the Company has a Disclosure Policy, details of which can be found on its website.

## **Principle 6: Respect the rights of shareholders**

Respecting the rights of shareholders is of fundamental importance to the Company and a key element of this is how the Company communicates with its shareholders. To this end, the Company recognises that shareholders must receive relevant information in a timely manner in order to be able to properly and effectively exercise their rights as shareholders. Information regarding the Company's Communications Policy is available on its website.

## **Principle 7: Recognise and manage risk**

The Board has required management to design and implement a risk management and internal control system to manage the Company's material business risks and management has reported that those risks are being managed effectively. For the annual and half-year results, the CEO and the CFO have provided a written declaration to the Board that the Company's financial records have been properly maintained, and that the Company's financial statements and notes give a true and fair view and comply with Australian Accounting Standards.

## Principle 8: Remunerate fairly and responsibly

The Remuneration Report (on pages 23 to 27 of this report) sets out details of the Company's policy and practices for remunerating Directors, key management personnel and senior Executives. The members of the Remuneration and Nominations Committee and their attendance at meetings of the Committee are set out on page 20 of this report. Information relating to the Remuneration and Nominations Committee and the Company's policy on share trading in relation to shares or equity-based products are available on the Company's website. All information referred to in this Corporate Governance Statement as being on the Company's website is included under the 'Investors' – 'Corporate Governance' section of the website.

## Board of Directors

### Role of the Board

The principal role of the Board is to ensure the protection and enhancement of long term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for Directors and senior Executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of risk management, internal control, legal compliance and management information systems. It is also responsible for approving and monitoring financial and other reporting. Details of the Board's Charter are located on the Company's website at [www.dws.com.au](http://www.dws.com.au).

The Board has delegated responsibility for the operation and administration of the Company to the CEO and Executive Management. Responsibilities are delineated by formal authority delegations. Matters reserved to the Board are:

- submission of fixed price contracts, offers, tenders, proposals and expressions of interest greater than \$500,000;
- potential contractual liabilities greater than \$500,000;
- all contracts where there is the risk of consequential damages;
- capital expenditure purchases greater than \$250,000; and
- settlement of any legal matters greater than \$25,000.

This delegated authority is reviewed regularly and updated to reflect changes to the business operations and the operating environment.

### Board processes

To assist in the execution of its responsibilities, the Board has established two Committees. These are the Remuneration and Nominations Committee and the Audit, Risk and Compliance Committee. Both of these Committees have written charters. The full Board currently holds a minimum of 11 meetings each year with an agenda for meetings prepared in conjunction with the Chairperson, CEO and Company Secretary. Standing items include the CEO report, Chief Financial Officer (CFO) report, human resources (HR) report, governance and compliance. Board papers are circulated in advance. Executives are regularly involved in Board discussions and Directors have other opportunities to have contact with a wider group of employees to discuss matters as required.

The Board has established a Risk Management Framework for the Company. Risk management is an integral part of the governance of DWS and is one of the main responsibilities of the Board and senior management.

The objectives of the framework are to ensure that:

- the Board and senior management determine the level of risk DWS is subject to;
- risks arising from or associated with DWS's activities are identified and prioritised;
- acceptable mitigation or treatment strategies to manage, transfer or avoid risks are in place (where applicable);
- risks and mitigation strategies are subject to review at regular intervals to determine that the nature of identified risks has not changed, to evaluate new risks and to ensure mitigation strategies remain acceptable and operational;
- appropriate escalation and communication of risks to enable informed decisions to be made; and
- the Board, Committees and senior management receive periodic reports of the risk management process.

# Corporate Governance Statement continued

## Board of Directors continued

### Board processes continued

The main elements of the risk management process are:

- identify the risk;
- analyse the risk;
- evaluate the risk;
- treat risks;
- monitor and review; and
- communicate and consult.

The above risk management process is applied by DWS's Executive Management Team who measure the identified risks and rates and prioritises them in terms of their likely impact on DWS. Results are documented and include mitigation strategies where appropriate. The implementation of mitigating controls is a priority and risk management weaknesses are remedied as soon as practical or possible. Risk assessments are provided to the Board for review at each Board meeting.

The Board has not conducted a formal review of the business risk systems, but has concentrated on the surrounding controls within the system to ensure that there are adequate safeguards within processes to mitigate the risks to the business. This includes a strengthening of delegations of authority at all levels in the business as well as ensuring that the work taken on by the Company meets certain internal criteria.

The Board has determined not to establish an internal audit function for the following reasons:

- given the size and complexity of DWS, the costs of an internal audit function are considered likely to outweigh the potential benefits;
- the Company has developed and maintained a stable and effective system of internal control;
- the Company's auditors regularly review various aspects of the Company's financial and other controls as part of their fieldwork and provide recommendations to the Board thereon; and
- the assurances provided by the CEO and CFO to support the annual and half-year results state that their declarations are founded on a sound system of risk management and internal control and the Company's risk management and internal compliance control system is operating effectively in all material respects in relation to business and financial reporting risks.

### Board skills

The Board has a skills matrix covering the following areas of knowledge and experience:

- strategic development;
- accounting and finance;
- legal;
- risk management;
- people and change management;
- financial markets; and
- industry knowledge.

The Board believes that having a diverse mix of experience, gender and culture across the Board leads to better outcomes for the Company and its shareholders.

### Director and Executive education

The Company has a formal process to educate new Directors about the nature of the business. Directors also have the opportunity to visit consolidated entity offices and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge. Directors are also encouraged to participate in regular management strategy and planning sessions to enable them to gain a better understanding of the operations of the business.

The Company also has a formal process to educate new senior Executives upon taking such positions. The induction program includes reviewing the Group's structure, strategy, operations, financial position and risk management policies. It also familiarises the individual with the rights, duties, responsibilities and roles of the individual and the Board.

## Performance reviews

The Chairman of the Board conducts an annual review of the Board and individual Director's performance. The review may comprise a combination of self-assessment, one-on-one interviews and Director workshops. The Chairman of each Committee performs a review and reports to the Chairman of the Board. The reviews are aimed at identifying areas of potential improvement to the effective and efficient operation of the Board, Committees and individual Directors.

The reviews were conducted during the year ended 30 June 2017.

## Independent professional advice and access to Company information

Each Director has the right, subject to prior consultation with the Chairman, to seek independent professional advice from a suitably qualified adviser at the Company's expense concerning any aspect of the Company's operations or undertaking in order to fulfil their duties.

A copy of all such advice is made available to all the Board members.

## Composition of the Board

The names of the Directors of the Company in office at the date of this statement are set out in the Directors' Report on page 19.

The composition of the Board is determined using the following principles:

- a minimum of three Directors, with a broad range of expertise;
- a majority of Non-Executive Directors;
- a Non-Executive Director is appointed as Chairperson;
- a majority of Directors having extensive knowledge of the Company's industry, and those who do not have extensive expertise in significant aspects of auditing and financial reporting or legal and risk management of companies;
- enough Directors to serve on various Committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities;
- one-third of all Directors, except the Managing Director, will retire by rotation each year but may offer themselves for re-election for a further three-year period; and
- no Director may hold office for a period in excess of three years without offering themselves for re-election.

An independent Director is a Director who is not a member of management (a Non-Executive Director) and who:

- holds less than 5 per cent of the voting shares of the Company and is not an officer of or otherwise associated, directly or indirectly, with a shareholder of more than 5 per cent of the voting shares of the Company;
- has not within the last three years been employed in an Executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a material\* professional adviser or a material\* consultant to the Company or another group member;
- is not a material\* supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a material\* supplier or customer;
- has no material\* contractual relationship with the Company or another group member other than as a Director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially\* interfere with the Director's ability to act in the best interests of the Company.

\*The Board considers 'material' in this context to mean where any Director-related business relationship has represented, or is likely in the future to represent, the lesser of at least 10 per cent of the relevant segments or the Director-related businesses revenue. The Board considers the nature of the relevant industries' competition and the size and nature of each Director-related business relationship in arriving at this threshold.

## Ethical standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. There is a dedicated Human Resources section where staff may refer any issues arising from their employment.

# Corporate Governance Statement continued

## Board of Directors continued

### Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Board has and will continue to develop procedures to assist Directors to disclose potential conflicts of interest. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of Director-related entity transactions with the Group and consolidated entity are set out in Note 24.

### Code of Conduct

The consolidated entity has advised each Director, manager and employee that they must comply with the Code of Conduct (Code). The Code together with a Deed of Confidentiality forms part of the employment contract with all employees and covers the following:

- aligning the behaviour of the Board and management with the Code of Conduct by maintaining appropriate core Group values and objectives;
- fulfilling responsibilities to shareholders by delivering shareholder value;
- fulfilling responsibilities to clients by maintaining high standards of product quality, service standards and commitments to fair value;
- employment practices such as occupational health and safety, employment opportunity, the level and structure of remuneration, and conflict resolution;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- compliance with legislation including policies on legal compliance in countries where the legal systems and protocols are significantly lower than Australia's;
- conflicts of interest;
- corporate opportunities such as preventing Directors and key Executives from taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- fair dealing;
- protection and proper use of the Group's assets; and
- reporting of unethical behaviour.

More information on the Company's Code of Conduct can be found on the Company's website at [www.dws.com.au](http://www.dws.com.au).

### Trading in Company securities by Directors and employees

The key elements of the Trading in Company Shares Policy by Directors and senior Executives are:

- identification of those restricted from trading who may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options:
  - (i) except between 30 days after either the release of the Group's half-year and annual results to the ASX, the Annual General Meeting or any major announcement; and
  - (ii) at no time whilst in possession of price sensitive information not yet released to the market;
- raising the awareness of legal prohibitions including transactions with colleagues and external advisers;
- requiring details to be provided of intended trading in the Company's shares; and
- requiring details to be provided of the subsequent confirmation of the trade.

The policy also details the insider trading provisions of the *Corporations Act 2001* and is reproduced in full on the Company's website.

### Diversity

The DWS Board adopted a policy on diversity in October 2011. DWS is committed to:

- attracting, developing and retaining our employees to ensure business growth and performance;
- ensuring that every employee is treated fairly and with respect;
- valuing differences and the contribution of all employees to business success;
- creating an environment where people can excel without encountering bias or being hampered by race, age, gender, lifestyle choices, religion, culture or disability; and
- ensuring all employees and applicants are treated and evaluated according to their job-related skills, qualifications, abilities and aptitudes only.

The Board has set measurable objectives for achieving gender diversity and assesses annually both the objectives and the Company's progress in achieving them.

The Executive Team, under the direction of the MD/CEO, drives diversity and inclusivity within our business. We are proud of our culturally and ethnically diverse workforce. We will continue to focus on all aspects of diversity with our initial focus to improve our gender diversity.

The DWS Diversity Statement can be found on our website at [www.dws.com.au](http://www.dws.com.au). On 29 May 2017, DWS lodged its Annual Report with the Workplace Gender Equality Agency pursuant to the requirements of the *Workplace Gender Equality Act 2012* (the Act). The Act is designed to put a focus on promoting and improving gender equality and outcomes for both women and men in the workplace. All non-public sector employers with more than 100 employees are required to report annually under the Act.

The Act requires companies to provide access to the report to employees and shareholders via the usual means of communication with them. A copy of the report (below) was posted on the Company's website on 29 May 2017. Note that this report reflects the employee numbers at a particular reporting date.

Manager Occupational Categories	Reporting Level to CEO	Employment Status	Number of Employees		Total Employees
			F	M	
CEO/Head of Business in Australia	0	Full-time permanent	1	1	2
Key management personnel	-1	Full-time permanent	0	3	3
Other Executives/General Managers	-1	Full-time permanent	2	3	5
Other Executives/General Managers	-2	Full-time permanent	0	3	3
Senior Managers	-2	Full-time permanent	1	9	10
Senior Managers	-3	Full-time permanent	3	8	11
<b>Grand total: all managers</b>			<b>7</b>	<b>27</b>	<b>34</b>

Non-manager Occupational Categories	Employment Status	Number of Employees (Excluding Graduates and Apprentices)		Number of Graduates (if applicable)		Number of Apprentices (if applicable)		Total Employees
		F	M	F	M	F	M	
Professionals	Full-time permanent	107	389	0	0	0	0	496
	Full-time contract	0	0	0	0	0	0	0
	Part-time permanent	7	3	0	0	0	0	10
	Part-time contract	0	0	0	0	0	0	0
	Full-time permanent	4	3	0	0	0	0	7
Clerical and administrative								
	Part-time contract	1	0	0	0	0	0	1
<b>Grand total: all non-managers</b>		<b>119</b>	<b>395</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>514</b>

For the year ended 30 June 2017 the gender diversity objective was for the proportion of females to be no less than 20 per cent of all key management personnel (excluding Executive Directors), general managers and senior managers. Based on the results of the WGEA Report submitted, this objective was met.

# Corporate Governance Statement continued

## Code of Conduct continued

### Communication with shareholders

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy, which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website and issuing media releases. More details of the policy are available on the Company's website.

In summary, the Continuous Disclosure Policy operates as follows:

- the CEO, the CFO and Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX. Matters required to be disclosed to the ASX are disclosed as soon as possible after they are discovered;
- the full annual Financial Report is made available to all shareholders via the Company's website. Where a shareholder has specifically requested one, a physical hard copy of this report is mailed to them also;
- the half-yearly report will contain summarised financial information and a review of the operations of the consolidated entity during the period. The half-year reviewed Financial Report will be lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it;
- proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders;
- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- the full texts of notices of meetings and associated explanatory material are placed on the Company's website; and
- the external auditor attends the Annual General Meetings to answer any questions concerning the conduct of the audit, the preparation of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information is made available on the consolidated entity's website after public release. Shareholder requests for Financial Report information are handled by the Company share registry, Boardroom Pty Limited.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the Constitution. A copy of the Constitution is available to any shareholder who requests it.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Notes	Consolidated	
		2017 \$'000	2016 \$'000
<b>Revenue from continuing operations</b>	5	<b>137,438</b>	144,494
Other revenue	5	685	1,382
Employee benefit expense	6	(105,330)	(114,113)
Occupancy expense	6	(1,918)	(1,862)
Depreciation and amortisation expense	6	(532)	(440)
Interest expense		(765)	(1,156)
Other expenses		(4,379)	(4,280)
Impairment expense		(49)	-
<b>Profit before tax</b>		<b>25,150</b>	24,025
Income tax expense	7	(7,760)	(7,235)
<b>Profit from continuing operations</b>		<b>17,390</b>	16,790
<b>Profit for the year</b>		<b>17,390</b>	16,790
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>17,390</b>	16,790
Basic earnings per share	8	<b>\$0.13</b>	\$0.13
Diluted earnings per share	8	<b>\$0.13</b>	\$0.13

The above Consolidated Statement of Profit or loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	Consolidated	
		2017 \$'000	2016 \$'000
<b>Current assets</b>			
Cash and cash equivalents	10	10,868	10,164
Trade and other receivables	11	21,763	29,078
Other	12	2,376	2,021
<b>Total current assets</b>		<b>35,007</b>	41,263
<b>Non-current assets</b>			
Property, plant and equipment	13	2,254	2,368
Intangible assets	14	67,845	68,055
Deferred tax assets	7	3,050	2,791
<b>Total non-current assets</b>		<b>73,149</b>	73,214
<b>Total assets</b>		<b>108,156</b>	114,477
<b>Current liabilities</b>			
Trade and other payables	16	11,256	9,196
Current tax liabilities		1,284	2,138
Provisions	15	6,334	5,926
Interest bearing liability	17	-	3,000
Other	16	2,368	3,410
<b>Total current liabilities</b>		<b>21,242</b>	23,670
<b>Non-current liabilities</b>			
Interest bearing liability	17	15,000	21,000
Provisions	15	2,503	4,603
<b>Total non-current liabilities</b>		<b>17,503</b>	25,603
<b>Total liabilities</b>		<b>38,745</b>	49,273
<b>Net assets</b>		<b>69,411</b>	65,204
<b>Equity</b>			
Issued capital	18	34,187	34,187
Retained earnings		35,224	31,017
<b>Total equity</b>		<b>69,411</b>	65,204

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Notes	Consolidated	
		2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		163,567	165,453
Cash payments to suppliers and employees		(130,740)	(141,531)
Income taxes paid		(9,119)	(7,531)
Net Interest received		178	119
<b>Net cash provided by operating activities</b>	23	<b>23,886</b>	16,510
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(124)	(205)
Payments for intangibles		(75)	(68)
Payments for acquisitions		(800)	(24,238)
<b>Net cash used in investing activities</b>		<b>(999)</b>	(24,511)
<b>Cash flows from financing activities</b>			
Dividends paid		(13,183)	(11,206)
Repayment of external financing		(9,000)	(13,000)
Receipt of external financing		-	32,000
<b>Net cash used in financing activities</b>		<b>(22,183)</b>	7,794
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>704</b>	(207)
Cash at the beginning of the financial year		10,164	10,371
<b>Cash at the end of the financial year</b>	10	<b>10,868</b>	10,164

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

	Share Capital \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2016</b>	34,187	31,017	65,204
Dividends paid	-	(13,183)	(13,183)
Total transactions with owners	-	(13,183)	(13,183)
Total comprehensive income	-	17,390	17,390
<b>Total at 30 June 2017</b>	<b>34,187</b>	<b>35,224</b>	<b>69,411</b>

<b>Balance at 1 July 2015</b>	34,187	25,433	59,620
Dividends paid	-	(11,206)	(11,206)
Total transactions with owners	-	(11,206)	(11,206)
Total comprehensive income	-	16,790	16,790
<b>Total at 30 June 2016</b>	<b>34,187</b>	<b>31,017</b>	<b>65,204</b>

Number of shares on issue	2017	2016
Fully paid ordinary shares with no par value	<b>131,831,328</b>	131,831,328

	Consolidated
<b>Movement in shares on issue</b>	
<b>Ordinary shares on issue at 1 July 2016</b>	<b>131,831,328</b>
Changes to number of shares on issue during the reporting period	-
<b>Ordinary shares on issue at 30 June 2017</b>	<b>131,831,328</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

## Note 1. Reporting entity

DWS Limited and controlled entities (DWS, the consolidated entity or the Group) is a group of companies domiciled in Australia. The address of the consolidated entity's registered office is Level 4, 500 Collins Street, Melbourne, Victoria, Australia. The Group is primarily involved in the provision of information technology consultancy services.

## Note 2. Basis of preparation

### (a) Statement of compliance

The Financial Report is a general purpose report which has been prepared in accordance with Australian Accounting Standards (AASs) (including Australian interpretations) issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated Financial Report of the Group complies with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). The consolidated entity is a for-profit entity for the purpose of preparing the financial statements. The financial statements were approved by the Board of Directors on 22 September 2017.

### (b) Basis of measurement

The Financial Report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### (c) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency. In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated. The accounting policies set out below have been consistently applied to all years presented.

### (d) Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of goodwill or other assets for the year ended 30 June 2017 other than impairment of software (refer Note 14).

### (e) New accounting standards and interpretations adopted during the year

The Group has not adopted any new accounting standards and amendments to standards with a date of initial adoption of 1 July 2016.

The Group has not elected to early adopt any other new standards or interpretations that are issued but not yet effective.

# Notes to the Financial Statements continued

## Note 2. Basis of preparation continued

### (f) Accounting Standards issued but not yet effective at 30 June 2017

The following applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2017. These are outlined in the table below.

#### (i) AASB 9: Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
  - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI) - the remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The Group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

#### (ii) AASB 15: Revenue from contracts with customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue related interpretations:

- established a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time; and
- provides new and more detailed guidance on specific topics (eg. multiple element arrangements, variable pricing, rights of return, warranties and licensing) expands and improves disclosures about revenue.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The Group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

### (iii) AASB 16: Leases

AASB 16 Leases replaces AASB 117 Leases and some related interpretations:

- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases
- provides guidance on the application of the definition of lease and on sale and lease back accounting requires new and different disclosures about leases

The effective date is annual reporting periods beginning on or after 1 January 2019.

The Group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

### Note 3. Significant accounting policies

The Financial Report covers the consolidated group of DWS Limited and controlled entities. DWS is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the Financial Report. The accounting policies have been consistently applied, unless otherwise stated.

#### (a) Principles of consolidation

The Group financial statements consolidate those of DWS Limited and all of its subsidiaries as of 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

The controlled entities are Wallis Nominees (Computing) Pty Ltd, DWS (NSW) Pty Ltd, Graeme V Jones & Associates Pty Ltd (formerly GlobalSoft Australia Pty Ltd), DWS Product Solutions Pty Ltd (formerly Equest Consulting Pty Ltd), Strategic Data Management Pty Ltd, SDM Sales Pty Ltd, Symplicit Pty Ltd and Phoenix IT&T Consulting Pty Ltd. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased. Non-controlling interests in the entity and results of the entities that are controlled are shown as a separate item in the consolidated Financial Report.

#### (b) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date. Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited in the Consolidated Statement of Profit or Loss and Other Comprehensive Income except where it relates to the items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

DWS has not entered into an income tax consolidated group under the tax consolidation regime. DWS Limited and each of its subsidiaries are responsible for their own recognition of current and deferred tax assets and liabilities.

# Notes to the Financial Statements continued

## **Note 3. Significant accounting policies** continued

### **(c) Revenue recognition**

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's principal business activities as described below:

#### **1. Consulting services**

Consulting services revenue is recognised on a billing entitlement basis and is matched against related costs incurred. Where fixed price contracts are used, revenue recognition is based on stage of completion. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours per the detailed project plan derived for each project pursuant to the Group's quality methodology. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

#### **2. Interest**

Interest revenue is recognised as it accrues, taking into account the interest rates applicable to the financial assets.

#### **3. Sale of non-current assets**

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

#### **4. Dividends**

Dividend revenue is recognised net of any franking credits.

### **(d) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### **(e) Borrowing costs**

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and foreign exchange including trade creditors and lease finance charges. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Other borrowing costs are expensed.

### **(f) Work in progress**

Work in progress represents the gross unbilled amount expected to be collected from clients for work performed to date. Where the work has been delivered on a time and materials basis, work in progress is measured using the Group's various selling rates on a per hour basis (including relevant disbursements) to date. Where projects have been delivered on a fixed price basis, work in progress is measured using the percentage of completion method.

## **(g) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

## **(h) Financial instruments**

### **Classification**

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

### **Recognition**

Financial instruments are measured at fair value unless otherwise determined as set out below.

#### **Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 11). They are measured at amortised cost less accumulated impairment losses.

#### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets. Held-to-maturity investments are measured at amortised cost.

#### **Available-for-sale financial assets**

All other available-for-sale (AFS) financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income.

# Notes to the Financial Statements continued

## **Note 3. Significant accounting policies** continued

### **(h) Financial instruments** continued

#### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### **Derivative instruments**

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the Consolidated Statement of Profit or Loss and Other Comprehensive Income unless they are designated as hedges.

#### **Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions reference to similar instruments and option pricing models.

#### **Impairment of financial assets**

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

#### **Repurchase of share capital (treasury capital)**

When share capital recognised as equity is repurchased, the amount of consideration paid, which includes directly attributable costs, is recognised as a deduction from equity, net of any tax effects. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

### **(i) Business combinations**

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree, and c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

### **(j) Intangibles**

#### **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### Software products and intellectual property

Internally developed software products have been acquired through business combinations and are carried at cost less any accumulated amortisation and impairment losses. These intangible assets have been assessed as having a finite life and are amortised as appropriate over the period of their useful lives. All amortisation is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

The amortisation rates used in the current and the comparative period are:

Software	25 – 40%
Intellectual property	10%

### (k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Value-in-use is determined by management estimating expected future cash flows from each asset/cash-generating unit and determining a suitable interest rate in order to calculate the present value of those cash flows. Any excess of the asset's carrying value over its recoverable amount is expensed to the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### (l) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

#### Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used in the current and the comparative period are:

Plant and equipment	7.5-40%
Motor vehicles	18.75-25%
Leasehold improvements	2.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### (m) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are expected to be settled within one year of the services being rendered have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year after the service is rendered have been measured at the present value of the estimated future cash outflows to be made for those benefits.

# Notes to the Financial Statements continued

## **Note 3. Significant accounting policies** continued

### **(m) Employee benefits** continued

#### **Superannuation**

There are no persons employed by the Group or any of its subsidiaries who are members of a defined benefit superannuation plan. Contributions to employee superannuation funds are recognised as an expense as they are made.

### **(n) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### **(o) Receivables**

Trade and other receivables represent the principal amounts due at the reporting date plus accrued interest and less, where applicable, any unearned income and allowance for doubtful debts.

### **(p) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments such as term deposits with original maturities of three months or less. These investments are subject to insignificant levels of risk and changes in value.

### **(q) Dividends**

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

### **(r) Comparative figures**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## **Note 4. Financial risk management**

### **(a) Overview**

The Group has exposure to certain types of risk as part of its day-to-day operations. This note presents an overview as to each type of risk and how the Group goes about identifying, measuring and managing these risks. The Board of Directors in conjunction with the Audit, Risk and Compliance Committee and Executive Management have overall responsibility for the establishment and oversight of the Risk Management Framework.

Risk management procedures are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and ensure adherence to policies. Risk management procedures and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit, Risk and Compliance Committee oversees how management monitors risk and assesses the adequacy of the risk management procedures in place.

## (b) Credit risk exposures

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

### (i) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of clients and customers in various companies and performing due diligence procedures on major new customers.

The Group's longstanding relationships with the majority of clients further protects against credit risk, and historically the Group has experienced only minor losses from customer defaults. As at 30 June 2017, trade receivables that were 90 days and over past due were provided for, leaving an amount of \$10,913 remaining in the 90 days overdue category. Trade receivables that are not past due do not contain any impaired assets. Based on the credit history of the relevant counterparties, it is expected that these amounts will be received when due.

	Consolidated	
	2017 \$'000	2016 \$'000
Not past due	18,205	23,814
Past due 0 – 60 days	2,984	5,259
60 – 90 days	563	5
90 – 120 days	11	-
120 days +	-	-
	<b>21,763</b>	<b>29,078</b>

The operating entities within the Group invoice clients on a monthly basis. Invoices are electronically prepared by administration staff and electronically delivered to individual clients as part of normal operations. Different entities within the Group operating in different regional areas have varying invoice terms, including 14 days, 30 days and 60 days. For the purposes of this note, 'not past due' is defined as being any period less than 30 days from the date of invoice generation.

## (c) Interest rate risk

The consolidated entity has exposure to interest rate risk. The consolidated entity's current exposure to interest rate risk and the effective weighted average interest rate was attributable to cash and cash equivalents and to its external loan facility that was entered into for the purpose of completing its recent acquisitions of Symplicit Pty Ltd and Phoenix IT&T Consulting Pty Ltd. The weighted average interest rate on cash and cash equivalents for 2017 was 1.7 per cent (2016 1.4 per cent). The Group had an external debt facility drawn as at 30 June 2017 of \$15.0 million. The table below provide a sensitivity if the loan had remained drawn for the full year.

The following table illustrates the net sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in interest rates that management considers to be reasonably possible.

	Consolidated	
	Profit \$'000	Equity \$'000
<b>Year ended 30 Jun 2017</b>		
+/- 1.4% in interest rates	+/- 286	+/- 286
<b>Year ended 30 Jun 2016</b>		
+/- 1.4% in interest rates	+/- 387	+/- 387

One point four per cent sensitivity has been used as interest rates have reduced over the previous 12 months and using a rate less than what was achieved on cash and cash equivalents for 2017 will result in an inaccurate sensitivity.

No other financial assets and liabilities are exposed to interest rate risk.

# Notes to the Financial Statements continued

## Note 4. Financial risk management continued

### (d) Liquidity risk

Liquidity risk is the risk the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The following table details the Group's maturity for its financial liabilities:

Consolidated entity	Carrying Amount \$'000	Contractual Cash Flows \$'000	Less than 1 Month \$'000	1 to 3 Months \$'000	3 Months to 1 Year \$'000	Greater Than 1 Year \$'000
<b>2017</b>						
Trade payables	859	859	859	-	-	-
Accruals	3,973	3,973	3,973	-	-	-
Current tax liabilities	1,284	1,284	1,202	-	82	-
Other financial liabilities	8,669	8,669	7,106	407	1,120	36
Interest on interest bearing debt	123	123	-	62	61	-
Interest bearing liabilities	15,000	15,000	-	-	-	15,000
	<b>29,908</b>	<b>29,908</b>	<b>13,140</b>	<b>469</b>	<b>1,263</b>	<b>15,036</b>
<b>2016</b>						
Trade payables	741	741	741	-	-	-
Accruals	4,098	4,098	4,098	-	-	-
Current tax liabilities	1,939	1,939	1,328	191	420	-
Other financial liabilities	7,568	7,568	5,518	927	1,103	20
Interest on interest bearing debt	199	199	-	69	130	-
Interest bearing liabilities	24,000	24,000	2,000	1,000	-	21,000
	<b>38,545</b>	<b>38,545</b>	<b>13,685</b>	<b>2,187</b>	<b>1,653</b>	<b>21,020</b>

### (e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. The Board of Directors also monitors the level of dividends to ordinary shareholders.

From time to time the Group may purchase its own shares on the market; the timing of these purchases depends on market prices. These repurchase decisions are made by the Executive Management of the Group in conjunction with the Board of Directors. The Group did not purchase any of its shares during 2017.

There were no changes in the Group's capital management approach during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

### (f) Fair values

Fair values of financial assets and liabilities are materially the same as the carrying amounts shown in the Consolidated Statement of Financial Position.

## Note 5. Revenue

	Consolidated	
	2017 \$'000	2016 \$'000
Revenue from continuing operations		
Services revenue	137,438	144,494
<b>Total revenue from continuing operations</b>	<b>137,438</b>	<b>144,494</b>
<b>Other revenue</b>		
Interest received	178	119
Other	507	1,263
<b>Total other revenue</b>	<b>685</b>	<b>1,382</b>

## Note 6. Profit for the year

	Consolidated	
	2017 \$'000	2016 \$'000
<b>Profit before income tax expense has been determined after the following specific expenses:</b>		
<b>Depreciation and amortisation expense:</b>		
Plant and equipment	254	328
Intangible assets	278	112
	<b>532</b>	<b>440</b>
<b>Employee benefit expense</b>		
Salary and other benefits	97,972	106,559
Superannuation	7,358	7,554
	<b>105,330</b>	<b>114,113</b>
<b>Occupancy expenses</b>		
Rental expense on operating leases – minimum lease rentals	1,918	1,862
	<b>1,918</b>	<b>1,862</b>
<b>Auditor's remuneration</b>		
Payments to Grant Thornton Audit Pty Ltd and related practices:		
Audit and other assurance services		
Audit and review of financial statements	96,000	109,700
Other assurance services		
Due diligence	83,167	-
<b>Total remuneration</b>	<b>179,167</b>	<b>109,700</b>

## Note 7. Income tax

	Consolidated	
	2017 \$'000	2016 \$'000
<b>The components of income tax expense comprise:</b>		
Current tax expense	8,018	7,256
Deferred tax asset write-off	44	-
Prior year tax refund	-	(21)
Deferred tax expense	(302)	-
	<b>7,760</b>	<b>7,235</b>
<b>Profit/loss before income tax</b>	<b>25,150</b>	<b>24,025</b>
Prima facie tax on profit from ordinary activities before income tax at 30% (2016: 30%)	7,545	7,208
<b>Increase in income tax expense due to:</b>		
Non-deductible entertainment	142	189
Deferred tax asset write-off	44	-
Prior year tax refund	-	(21)
Other items	29	(141)
Adjusted income tax	<b>7,760</b>	<b>7,235</b>
<b>Income tax expense</b>	<b>7,760</b>	<b>7,235</b>
Applicable weighted average effective tax rate	<b>30.85%</b>	<b>30.11%</b>

# Notes to the Financial Statements continued

## Note 7. Income tax continued

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Consolidated</b>						
Employee benefits	99	393	-	-	99	393
Provisions	2,009	1,900	-	-	2,009	1,900
Other	942	208	-	-	986	208
Sub-total	3,050	2,501	-	-	3,094	2,501
Deferred tax assets through business combinations	-	290	-	-	-	290
Net tax assets and liabilities	3,050	2,791	-	-	3,094	2,791

### Movements in temporary differences

	Consolidated	
	2017 \$'000	2016 \$'000
The overall movement in the deferred tax account is as follows:		
Opening balance	2,791	2,501
Charge to income statement	259	-
Acquired through business combination	-	290
	3,050	2,791

### Deferred tax asset movement

Employee benefits		
Opening balance	393	42
Charged	(294)	351
Closing balance	99	393
Provisions		
Opening balance	1,900	1,743
Charged	109	157
Closing balance	2,009	1,900
Other		
Opening balance	208	716
Charged	734	(508)
Closing balance	942	208
Deferred tax assets through business combinations		
Opening balance	290	-
Charged	(290)	290
Closing balance	-	290
<b>Total closing balance</b>	<b>3,050</b>	<b>2,791</b>

## Note 8. Earnings per share

	Consolidated	
	2017 \$'000	2016 \$'000
<b>Earnings used in calculation of basic and dilutive EPS</b>	<b>17,390,078</b>	16,790,318
Adjusted weighted average number of ordinary shares used in calculating basic earnings per share	<b>131,831,328</b>	131,831,328
<b>Number for diluted earnings per share</b>		
Ordinary shares	<b>131,831,328</b>	131,831,328
Effect of dilutive share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings	<b>131,831,328</b>	131,831,328
<b>Basic earnings per share</b>	<b>13.2 cents</b>	12.7 cents
<b>Diluted earnings per share</b>	<b>13.2 cents</b>	12.7 cents

## Note 9. Operating segments

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's Chief Operating Decision Maker (CODM).

The Group only has one segment based on the aggregation criteria in AASB 8. The business operates within Australia only. The Group's operations are predominantly in consulting services in the information technology industry. Any other revenue attributable to the Group is disclosed in Note 5.

The Group earned \$60.2 million (or 44 per cent) of its consultancy services revenues from its top two customers. Of all other clients, no single client contributes more than 10 per cent to total revenue. All revenues from external customers are attributable to the Group's country of domicile and all physical assets are located within Australia.

## Note 10. Current assets – cash and cash equivalents

	Consolidated	
	2017 \$'000	2016 \$'000
Cash at bank and on hand	<b>10,868</b>	10,164
Desposits at call	-	-
	<b>10,868</b>	10,164

# Notes to the Financial Statements continued

## Note 11. Trade and other receivables

	Consolidated	
	2017 \$'000	2016 \$'000
Trade and other receivables	21,763	29,078
	<b>21,763</b>	29,078

## Note 12. Other current assets

	Consolidated	
	2017 \$'000	2016 \$'000
Prepayments	1,070	666
Security deposits	338	973
Work in progress	958	323
Other sundry	10	59
	<b>2,376</b>	2,021

## Note 13. Non-current assets – property, plant and equipment

	Consolidated	
	2017 \$'000	2016 \$'000
Plant and equipment at cost	2,841	2,630
Accumulated depreciation	(2,257)	(1,936)
Total plant and equipment	<b>584</b>	694
Motor vehicle at cost	177	234
Accumulated depreciation	(132)	(191)
Total motor vehicles	<b>45</b>	43
Leasehold improvements	2,067	2,424
Accumulated depreciation	(442)	(793)
Total leasehold improvements	<b>1,625</b>	1,631
<b>Total property plant and equipment</b>	<b>2,254</b>	2,368

	Leasehold Improvements \$000	Plant and Equipment \$000	Motor Vehicles \$000	Total \$000
<b>Consolidated entity 2017</b>				
Balance at the beginning of year	1,631	694	43	2,368
Additions	179	123	24	326
Disposals	-	-	(11)	(11)
Additions through acquisition of business	-	-	-	-
Depreciation expense	(185)	(233)	(11)	(429)
<b>Carrying amount at the end of year</b>	<b>1,625</b>	<b>584</b>	<b>45</b>	<b>2,254</b>
<b>Consolidated entity 2016</b>				
Balance at the beginning of year	1,677	682	61	2,420
Additions	-	205	-	205
Disposals	-	(1)	(4)	(5)
Additions through acquisition of business	-	76	-	76
Depreciation expense	(46)	(268)	(14)	(328)
<b>Carrying amount at the end of year</b>	<b>1,631</b>	<b>694</b>	<b>43</b>	<b>2,368</b>

## Note 14. Intangible assets

	Consolidated	
	2017 \$'000	2016 \$'000
<b>Goodwill</b>		
Opening balance	67,060	46,594
Acquisition of business combination	-	20,466
<b>Closing balance</b>	<b>67,060</b>	<b>67,060</b>
<b>Other intangible assets</b>		
<b>Capitalised software</b>		
Opening balance	545	569
Additions	-	-
Amortisation of software expense	(189)	(24)
<b>Closing balance</b>	<b>356</b>	<b>545</b>
<b>Internally generated intellectual property</b>		
Opening balance	424	444
Development	75	68
Amortisation of internally generated intellectual property	(95)	(88)
<b>Closing balance</b>	<b>404</b>	<b>424</b>
<b>Acquisition of intellectual property rights</b>		
Brand name	25	25
<b>Closing balance</b>	<b>25</b>	<b>25</b>
<b>Total non-current intangible assets</b>	<b>67,845</b>	<b>68,055</b>

There has been no impairment of the goodwill valuation as at 30 June 2017 or subsequent to that date. Goodwill is allocated to one cash generating unit.

# Notes to the Financial Statements continued

## Note 14. Intangible assets continued

### Impairment disclosures – goodwill

Under AASB 136, the consolidated entity will undertake impairment testing of the relevant cash-generating units as required. Impairment testing was performed at 30 June 2017 to test the carrying amount of goodwill.

The recoverable value of goodwill is based on value-in-use. Value-in-use calculations based on the present value of cash flow projections over a five-year period for the Group as a whole on the basis that independent cash-generating unit is not readily identifiable based on the Group's operating and reporting structure. The cash flows were discounted using a pre-tax rate of 9.2 per cent (2016: 8.7 per cent) with an assumed revenue growth figure of 1.5 per cent per annum (2016: 1.7 per cent). Sensitivity analysis confirms there is no impairment of goodwill if revenue was to grow at a lower rate or decline marginally.

## Note 15. Provisions

	Consolidated	
	2017 \$'000	2016 \$'000
<b>Current liabilities – provisions</b>		
Employee benefits	6,334	5,926
<b>Total current provisions</b>	<b>6,334</b>	5,926
<b>Non current liabilities – provisions</b>		
Employee benefits	560	708
Earnout provision	1,943	3,895
<b>Total non-current provisions</b>	<b>2,503</b>	4,603
<b>Total current and non-current provisions</b>	<b>8,837</b>	10,529

### Movements in earnout provision

	Consolidated	
	2017 \$'000	2016 \$'000
Opening balance	3,895	4,428
Payments made or payable	(2,000)	-
Adjustments	49	(533)
<b>Closing balance</b>	<b>1,943</b>	3,895

## Note 16. Current liabilities – other

	Consolidated	
	2017 \$'000	2016 \$'000
<b>Current liabilities</b>		
Trade payables	4,955	5,038
Other payables	6,301	4,158
	<b>11,256</b>	9,196
<b>Current liabilities – other</b>		
Unearned revenue	2,368	3,410
	<b>2,368</b>	3,410
<b>Total current liabilities – other</b>	<b>13,624</b>	12,606

## Note 17. Current and non-current liabilities – interest bearing liability

	Consolidated	
	2017 \$'000	2016 \$'000
<b>Current liabilities</b>		
Interest bearing facility	-	3,000
	-	3,000
<b>Non-current liabilities</b>		
Interest bearing facility	15,000	21,000
	15,000	21,000

## Note 18. Contributed equity

	Consolidated	
	2017 \$'000	2016 \$'000
<b>Opening share capital</b>	34,187	34,187
Share buy-back	-	-
<b>Closing share capital</b>	34,187	34,187
<b>Number of shares on issue</b>	Number	Number
Fully paid ordinary shares with no par value	131,831,328	131,831,328

	Consolidated	
	2017 \$'000	2016 \$'000
<b>Ordinary shares</b>		
Shares on issue start of period	131,831,328	131,831,328
Share buy-back	-	-
<b>Total shares on issue at end of period</b>	131,831,328	131,831,328

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to vote when a poll is called; otherwise each shareholder has one vote on a show of hands.

# Notes to the Financial Statements continued

## Note 19. Dividends

### (a) Dividends paid during the year

	Cents Per Share	Total Amount \$'000	Franked/ Unfranked	Payment Date
<b>2017</b>				
Final 2016 ordinary	5.00	6,592	Franked at 30%	4-Oct-16
Interim 2017 ordinary	5.00	6,592	Franked at 30%	4-Apr-17
<b>2016</b>				
Final 2015 ordinary	3.75	4,944	Franked at 30%	2-Oct-15
Interim 2016 ordinary	4.75	6,262	Franked at 30%	4-Apr-16

### (b) Dividends declared

	2017 \$'000	2016 \$'000
<b>Declared final dividend</b>		
Declared final fully franked ordinary dividend of 5.00 cents (2016: 5.00 cents) per share at the tax rate of 30%	6,592	6,592

### (c) Dividend franking account

	2017 \$'000	2016 \$'000
30% franking credits available to shareholders of DWS Limited for subsequent financial years	29,863	27,204

The franking credit amount is based on the balance of the franking account at year end. The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the reporting date but not recognised as a liability is to reduce it by \$2,824,957 (2016: \$2,824,957).

## Note 20. Commitments

### Operating leases

The consolidated entity leases 10 business premises under operating leases.

	Consolidated	
	2017 \$'000	2016 \$'000
<b>Lease commitments</b>		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,192	1,373
Later than one year but not later than five years	1,504	2,707
<b>Total commitments</b>	<b>2,696</b>	<b>4,080</b>

### Finance leases

The consolidated entity has not entered into any finance leases for plant and equipment.

### Capital and other commitments

There are no commitments for capital expenditure as at the date of this report. The consolidated entity will, however, undertake a review of the financial and risk operating systems during the next financial year.

## Note 21. Contingent liabilities

Details of contingent liabilities are as follows:

### Bank guarantees

Bank guarantees of \$995,225 have been provided as security for performance of property rental covenants. The bank guarantees are secured by a Standard Authority to Appropriate and Set-Off Term Deposits to the equivalent guarantee value.

## Note 22. Investment in controlled entities

Name of entity	Country of Incorporation	Class of Shares	Equity Holding	
			2017 %	2016 %
Wallis Nominees (Computing) Pty Ltd	Australia	Ordinary	100	100
DWS (NSW) Pty Ltd	Australia	Ordinary	100	100
G V Jones & Ass Pty Ltd (formerly named GlobalSoft Australia Pty Ltd)	Australia	Ordinary	100	100
DWS Product Solutions Pty Ltd (formerly Equest Consulting Pty Ltd)	Australia	Ordinary	100	100
Strategic Data Management Pty Ltd	Australia	Ordinary	100	100
SDM Sales Pty Ltd	Australia	Ordinary	100	100
Symplicit Pty Ltd	Australia	Ordinary	100	100
Phoenix IT&T Consulting Pty Ltd	Australia	Ordinary	100	100

All controlled entities are parties to a Deed of Cross Guarantee originally dated 26 June 2008. Both Symplicit Pty Ltd and Phoenix IT&T Consulting Pty Ltd entered into an Assumption Deed to the Deed of Cross Guarantee on 17 May 2016.

# Notes to the Financial Statements continued

## Note 23. Reconciliation of cash flows from operations with profit after tax

	2017 \$'000	2016 \$'000
<b>Profit for the year</b>	<b>17,390</b>	16,790
Depreciation and amortisation of non-current assets	532	440
Increase/(decrease) in current tax liability	(854)	(403)
(Increase)/decrease in deferred tax assets	259	(1)
<b>Changes in net assets and liabilities net of effects from acquisitions and disposal of businesses:</b>		
<b>(Increase)/decrease in assets:</b>		
Trade and other receivables	7,315	(1,948)
Other current assets	(355)	1,200
<b>Increase/(decrease) in liabilities:</b>		
Trade and other payables	2,060	(579)
Other current liabilities	(769)	1,020
Short term provisions	408	144
Long term provisions	(2,100)	(153)
<b>Net cash flow from operating activities</b>	<b>23,886</b>	16,510

## Note 24. Key management personnel

### Compensation by category

	2017 \$'000	2016 \$'000
Short-term benefits	1,977,889	2,530,344
Post-employment benefits	164,952	193,379
Other long-term benefits	140,000	206,600
	<b>2,282,841</b>	2,930,323

There are no other compensation benefits paid.

Information and disclosures of Directors' and Executives' compensation and some equity instrument disclosures are included in the Remuneration Report on pages 23 to 27.

## Equity holding and transactions

The movement during the reporting period in the number of ordinary shares of DWS Limited held, directly, indirectly or beneficially, by each Director and Executive, including their personally related entities, is as follows:

	Held at 30 June 2016	Purchases/ (Disposals)	Held at 30 June 2017
<b>Directors</b>			
Ken Barry <sup>1</sup>	103,333	-	103,333
Danny Wallis <sup>2</sup>	56,305,283	-	56,305,283
Martin Ralston <sup>2</sup>	67,000	(15,000)	52,000
Gary Ebeyan <sup>1</sup>	16,130	-	16,130
Jodie Moule	-	-	-
Hayden Kelly	-	-	-
Selina Lightfoot	-	13,200	13,200
<b>Key management personnel</b>			
Stuart Whipp <sup>1</sup>	50,000	-	50,000
Andrew Rose	-	-	-

1. Interest held in related entities.

2. Interests held directly and in related entities.

## Loans and other transactions with Directors and key management personnel

### Loans

There were no loans to or from Directors or Executives during the reporting period.

### Other transactions with the Company or its controlled entities

The Group recognised an Earn Out provision of \$1,943,343 as at 30 June 2017 relating to potential Earn Out payments payable to Jodie Moule and other vendors of Symplicit Pty Ltd as part of the acquisition of Symplicit Pty Ltd by the Group.

# Notes to the Financial Statements continued

## Note 25. Related parties

The wholly-owned Group consists of DWS Limited and its controlled entities as set out in Note 22. The ultimate parent entity in the owned group is DWS Limited.

All transactions with non-Director related parties are on normal terms and conditions. These transactions consisted of loans advanced by and repaid to DWS Limited for the provision of services on normal commercial terms and conditions and at market rates. There are no fixed terms for the repayment of principal and the loans are at call.

## Note 26. Events occurring after reporting date

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect:

- (a) the consolidated entity's operations in future financial years;
- (b) the results of those operations in future financial years; and
- (c) the consolidated entity's state of affairs in future financial years.

## Note 27. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2017, the parent entity of the Group was DWS Limited:

	2017 \$'000	2016 \$'000
<b>Assets</b>		
Current assets	507	8
Non-current assets	50,426	65,145
<b>Total assets</b>	<b>50,933</b>	<b>65,153</b>
<b>Liabilities</b>		
Current liabilities	1,368	222
Non-current liabilities	25,242	34,062
<b>Total liabilities</b>	<b>26,610</b>	<b>34,284</b>
<b>Net assets</b>	<b>24,323</b>	<b>30,869</b>
<b>Equity</b>		
Issued capital	34,187	34,187
Retained earnings	(9,864)	(3,318)
<b>Total equity</b>	<b>24,323</b>	<b>30,869</b>
<b>Summarised Statement of Comprehensive Income</b>		
Profit for the year	47	276
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>47</b>	<b>276</b>

# Directors' Declaration

1. In the opinion of the Directors of DWS Limited (the Company):

(a) the financial statements and notes, set out on pages 39 to 64 are in accordance with the *Corporations Act 2001*, including:

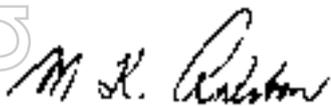
- (i) giving a true and fair view of the financial position of the Group and consolidated entity as at 30 June 2017 and of its performance, as represented by its results of the operations and its cash flows, for the year ended on that date;
- (ii) complying with accounting standards in Australia and the *Corporations Regulations 2001*;
- (iii) complying with International Financial Reporting Standards as disclosed in Note 2; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. there are reasonable grounds to believe that the Company and the controlled entities identified in Note 22 will be able to meet any obligations or liabilities to which they are or may become subject.

3. the Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2017.

This declaration is made in accordance with a resolution of the Directors.



**Martin Ralston**

Non-Executive Chairman



**Ken Barry**

Non-Executive Director

Signed at Melbourne this 22 September 2017

# Independent Audit Report



The Rialto, Level 30  
525 Collins St  
Melbourne Victoria 3000

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E info.vic@au.gt.com  
W www.grantthornton.com.au

## Independent Auditor's Report to the Members of DWS Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of DWS Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, 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:

- a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b 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 independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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### 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.

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition – Note 3c</b></p> <p>For the year ended 30 June 2017, the Group recognised revenue of \$137,438,000 from variable and fixed price service contracts.</p> <p>Revenue is derived from delivery of services. Determining timing of revenue recognition may be complex and involve significant management judgement, particularly for fixed price contracts, which involve percentage of completion accounting. The audit team is required to obtain sufficient audit evidence to determine whether significant assumptions used are reasonable and accurate, per auditing standard <i>ISA 540 Auditing Accounting Estimates</i>.</p> <p>This is a key audit matter due to the complexity typically associated with service contract revenue as well as the presumed risk of fraud in revenue.</p>	<p>For each significant revenue stream our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Understanding and documenting the processes and controls used by the Group in recognising revenue;</li> <li>• Reviewing revenue recognition policies for compliance with AASB 118 <i>Revenue</i> and AASB 111 <i>Construction Contracts</i>;</li> <li>• Testing a sample of variable priced revenue to supporting documentation and assessing whether revenue has been accurately recorded in the correct period;</li> <li>• Testing a sample of fixed price contract revenue to supporting documentation and assessing whether revenue has been accurately recorded in the correct period and the percentage of completion method has been applied appropriately;</li> <li>• Reviewing the progress of fixed price contracts to gain an understanding of project stage of completion and progress against project budget; and</li> <li>• Assessing the adequacy of the disclosures in the financial statements.</li> </ul>

### Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

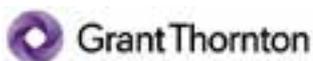
Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

### Responsibilities of the Directors' for the Financial Report

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



In preparing the financial report, the Directors are responsible for assessing the Group's ability 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 have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.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 23 to 27 of the directors' report for the year ended 30 June 2017.

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

##### **Responsibilities**

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

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in blue ink that reads "S C Trivett".

S C Trivett  
Partner - Audit & Assurance

Melbourne, 22 September 2017

# Shareholder Information

## DWS Limited

Analysis of holdings as at 14 September 2017

### Security classes

#### Fully paid ordinary shares

Holdings Ranges	Holders	Total Units	%
1-1,000	644	860	0.319
1,001-5,000	1,485	4,635,884	3.517
5,001-10,000	875	7,008,862	5.317
10,001-100,000	1,188	34,087,010	25.857
100,001-99,999,999,999	79	85,678,712	64.991
<b>Totals</b>	<b>4,271</b>	<b>131,837,328</b>	<b>100.000</b>

Number of shareholdings with an unmarketable holding = 197.

### Fully paid ordinary shares

#### Top 20 holdings as at 14 September 2017

Top Holders Snapshot	Units	% of Units
1 Mr Daniel Wallis	55,005,283	41.724
2 J P Morgan Nominees Australia Limited	5,217,550	3.958
3 Citicorp Nominees Pty Limited	3,745,785	2.841
4 HSBC Custody Nominees (Australia) Limited	2,412,416	1.830
5 DSAH Holdings Pty Ltd	1,300,000	0.986
6 National Nominees Limited	1,076,402	0.816
7 Aust Executor Trustees Ltd <Charitable Foundation>	1,010,097	0.766
8 G Harvey Nominees Pty Limited <Harvey 1995 Discretion A/C>	740,000	0.561
9 Bnp Paribas Noms Pty Ltd <Drp>	571,240	0.433
10 Mr Glenn Mafodda	517,987	0.393
11 Fielding Johnstone Pty Ltd <Fielding Family No 2 A/C>	510,000	0.387
12 Mr David Patrick John Mulrone & Mrs Elisabeth Suzanne Mulrone <Mulrone Super Fund A/C>	451,100	0.342
13 Neweconomy Com Au Nominees Pty Limited <900 Account>	392,248	0.298
14 Aust Executor Trustees Ltd <Flannery Foundation>	379,894	0.288
15 Robyn Hood Pty Ltd <Robyn Hood Super Fund A/C>	350,000	0.265
16 Fondly Pty Ltd	326,514	0.248
17 Bnp Paribas Nominees Pty Ltd <lb Au Noms Retailclient Drp>	324,860	0.246
18 Jack Miriklis Nominees Pty Ltd <Jack Miriklis Staff S/F A/C>	320,000	0.243
19 Mcniven & Co Pty Ltd <Executive Super Fund A/C>	301,500	0.229
20 Mr David Alexander McBride	300,924	0.228
<b>Total securities of top 20 holdings</b>	<b>75,253,800</b>	<b>57.083</b>
<b>Total of securities</b>	<b>131,831,328</b>	

# Shareholder Information continued

## Substantial Shareholders

Name of Shareholder	No. of Shares	% of Issued Capital
Mr Daniel Wallis	56,305,283	42.71%

## Unquoted Equity Securities

There are no unquoted equity securities.

## Escrow shares

There are no restricted securities or securities the subject of voluntary escrow.

## Voting Rights for fully paid ordinary shares

The Constitution provides for votes to be cast:

- on a show of hands, one vote for each shareholder; and
- on a poll, one vote for each fully paid ordinary share.

# Corporate Directory

## Registered Office/Head Office (DWS Melbourne)

DWS Limited  
Level 4, 500 Collins Street  
Melbourne VIC 3000  
Australia  
ABN 83 085 656 088  
T +61 3 9650 9777  
F +61 3 9650 9444  
www.dws.com.au

## Symplicit Melbourne Office

Level 7, 160 Queen Street  
Melbourne VIC 3000  
T +61 3 9670 3385  
F +61 3 9670 3395  
www.symplicit.com.au

## DWS Sydney Office

Level 8, 146 Arthur Street  
North Sydney NSW 2060  
Australia  
T +61 2 9448 7300  
F +61 2 9475 0417

## Symplicit Sydney Office

Level 2, 91 Reservoir Street  
Surry Hills NSW 2010  
T +61 2 9280 3596

## DWS Brisbane Office

Level 14, 324 Queen Street  
Brisbane QLD 4000  
Australia  
T +61 7 3229 3988  
F +61 7 3211 3812

## DWS Adelaide Office

Level 1, 12 Pirie Street  
Adelaide SA 5000  
Australia  
T +61 8 8238 0900  
F +61 8 8238 0999

## DWS Canberra Office

Ground Floor  
69 Tennant Street  
Fyshwick ACT 2609  
T +61 2 6280 3300  
F +61 2 6280 3333

## Share Registry

Boardroom Pty Ltd  
Level 7, 207 Kent Street  
Sydney NSW 2000  
Australia  
T 1300 737 760  
F 1300 653 459

## Auditors

Grant Thornton Audit Pty Ltd  
The Rialto, Level 30  
525 Collins Street  
Melbourne VIC 3000  
Australia  
T +61 3 8320 2222  
F +61 3 8320 2200

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