DWS Limited
ACN 085 656 088

<u>Company Announcement</u>

Half Year Financial Results to 31 December 2018

DWS Limited (DWS) announces the following results and highlights for the half year ended 31 December 2018.

- **First half revenue of $82.27M (up $20.60M or 33% on pcp).**
- **First half adjusted EBITDA of $12.027M excluding Projects Assured acquisition costs (up 1.5% on $11.849M pcp adjusted EBITDA).**
- **First half NPAT of $6.68M (down $3.46M or 34% on pcp)**
    - **H1 FY19 includes the after tax impact of $1.1M of Projects Assured acquisition costs, $1.01M of financing costs and a $1.1M investment in licensed products and RPA**
    - **H1 FY18 included the Symplicit Earn-out write back of $1.94M**
- **First half operating cash flow (before interest and tax) of $11.17M, which is 103% of EBITDA.**
- **Interim fully franked dividend of 4.0 cents per ordinary share declared (5.0 cents per share pcp):**
    - **Record Date** **15 March 2019**
    - **Expected Payment Date** **4 April 2019**

- Key drivers of the financial results are:
    - Lower than expected demand in the Banking & Finance, IT&C and Utilities sectors;
    - Total consulting staff numbers increased to 763 with increases in staff from the Projects Assured acquisition partly offset by a reduction in consulting staff for DWS traditional services;
    - Utilisation of staff was lower during the period as consultant numbers were adjusted to match lower than expected client demand in DWS traditional services; and
    - Strong cost management across the Group enabled DWS to achieve a 14.6% adjusted EBITDA margin after investing $2.2M in licensed products and DWS's Robotic Process Automation ("RPA") practice during the period and costs associated with the Projects Assured acquisition

Danny Wallis, CEO and Managing Director of DWS Limited commented on the result saying:
"Our reported NPAT of $6.68M for the half reflects approximately $2.2 million of acquisition and product development costs and $1.01 million of financing costs. Our revenue grew strongly during the period with some organic growth and a strong contribution from Projects Assured. DWS was impacted by variable and lower than expected demand in the Banking & Finance sector and lower than expected demand in the IT&C and Utilities sectors which led to lower staff utilisation. In response, we have continued to invest in licensed products and Robotic Process Automation as well as supporting Projects Assured in their growth. We thank our staff for their hard work and dedication and look forward to working with our clients to achieve their goals in 2019."

For further information, contact:

Danny Wallis (Managing Director)

or

Stuart Whipp (CFO)

Phone (03) 9650 9777

About DWS

The DWS Limited Group (DWS) is a professional services Group which provides information technology consulting services to large corporate entities and Australian Government agencies. DWS listed on the Australian Securities Exchange on 15th June 2006. ASX code 'DWS'. DWS currently employs over 800 staff and contractors and has offices in Melbourne, Sydney, Brisbane, Adelaide and Canberra. More information can be obtained at our website http://www.dws.com.au, or by contacting our head office in Melbourne on (03) 9650 9777

DWS

Excellence

APPENDIX 4D

31 DECEMBER 2018

DWS LIMITED

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The consolidated half year financial report does not include all of the information required for a full annual report and should be read in conjunction with the consolidated annual financial report of the consolidated entity (DWS) for the year ended 30 June 2018 and any public announcements made by DWS during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DWS Limited

Appendix 4D and Interim Financial Report

For six months ended 31 December 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Dec-18	Dec-17			
	$'000	$'000		**Change $'000**	**% Change**
Revenue from continuing operations	**82,271**	61,669	**up**	**20,602**	33%
Total comprehensive income for the half year	**6,679**	10,134	**down**	**(3,455)**	(34%)

Dividends (distributions)	**Amount per security**	**Franked amount per security**	**Record Date for dividend entitlement**
Dividend Declared during the half financial year	5.00 cents	100%	4 September 2018
Dividend Declared subsequent to half financial year end	4.00 cents	100%	15 March 2019

	Current period	**Previous corresponding period**
Net tangible asset backing per ordinary security	**(31.86) cents**	1.62 cents
Earnings per Share	**5.07 cents**	7.69 cents

The commentary on the results for the period is contained in both the Half Yearly Financial Results announcement and the review of operations in the Directors' Report accompanying the Interim Half Year Report dated 11 February 2019.

DIRECTORS' REPORT

The Directors present their report together with the half year consolidated financial report of the consolidated entity consisting of DWS Limited (the Company) and its controlled entities for the half year ended 31 December 2018 and the auditor's review report thereon.

The consolidated half year financial report does not include all of the information required for a full annual report and should be read in conjunction with the consolidated annual financial report of the consolidated entity for the year ended 30 June 2018 and any public announcements made by the consolidated entity during the half year reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Directors

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

Name	Period of Directorship
Non-Executive Directors	
Martin Ralston (Chairperson)	Director since November 2008
Ken Barry	Director since May 2006
Gary Ebeyan	Director since November 2010
Hayden Kelly	Director since November 2015
Selina Lightfoot	Director since December 2016
Executive Directors	
Danny Wallis	Director since May 2006
Jodie Moule	Director since November 2015. Resigned 10 September 2018

Directors' Report Cont'

Review of Operations

The following table summarises the consolidated entity's financial performance for the half year ended 31 December 2018:

	Dec 2018 $'000	Dec 2017 $'000	Change $'000	Change %
Revenue from continuing operations	**82,271**	61,669	**20,602**	**33%**
Other income (excluding interest)	**444**	2,105	**(1,661)**	**(79%)**
Employee benefits expense	**(67,309)**	(46,996)	**(20,313)**	**(43%)**
Selling, general and admin expense	**(3,379)**	(2,986)	**(393)**	**(13%)**
Underlying EBITDA	**12,027**	13,792	**(1,765)**	**(13%)**
Acquisition costs	**(1,138)**	-	**(1,138)**	**(100%)**
EBITDA	**10,889**	13,792	**(2,903)**	**(21%)**
Depreciation and amortisation	**(203)**	(25)	**(178)**	**(712%)**
Capitalised product development	**122**	41	**81**	**198%**
Net interest (expense)/ income	**(955)**	(112)	**(843)**	**753%**
Share of loss from equity accounted investments	**(125)**	-	**(125)**	**(100%)**
Net profit before tax	**9,728**	13,696	**(3,968)**	**(29%)**
Income tax expense	**(3,049)**	(3,562)	**513**	**14%**
Net Profit After Tax attributable to DWS Holders	**6,679**	10,134	**(3,455)**	**(34%)**

DWS recorded a first-half result with underlying EBITDA of $12.03M, which was $1.77M or 13% down on pcp. Key drivers of the result were as follows:

- Strong earnings contribution from management and strategic consulting engagements in Federal Government performed by Projects Assured (acquisition completed on 2 July 2018);
- Lower than expected demand in the Banking & Finance, IT&C and Utilities sectors; and
- Investment in licensed products and DWS's Robotic Process Automation ("RPA") practice and costs associated with the acquisition of Projects Assured totaling $2.2M.

DWS balance sheet had gross bank debt of $42.00M ($12.0M pcp) following the Projects Assured acquisition and cash reserves of $8.43M ($9.25M pcp) resulting in net bank debt of $33.57M ($2.75M pcp). After careful consideration, the Board has declared a 4.0 cent fully franked interim dividend.

Directors' Report Cont'

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

The lead auditor's independence declaration is set out on page 18 and forms part of the Directors' Report for the half year ended 31 December 2018.

Rounding Off

The consolidated entity is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

Dated at Sydney 11 February 2019

Signed in accordance with a resolution of the Directors.

Danny Wallis
Chief Executive Officer and Managing Director

DWS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2018

	Notes	Consolidated 31 Dec 2018 $'000	31 Dec 2017 $'000
Revenue from continuing operations	2	**82,271**	61,669
Other income	2	**495**	2,192
Employee benefit expense		**(68,447)**	(46,996)
Depreciation and amortisation expense		**(203)**	(25)
Other expenses		**(3,257)**	(2,945)
Financing Expenses		**(1,006)**	(199)
Share of loss from equity accounted investments		**(125)**	-
Profit before tax		**9,728**	13,696
Income tax expense	4	**(3,049)**	(3,562)
Profit from continuing operations		**6,679**	10,134
Profit for the half year		**6,679**	10,134
Other comprehensive income		-	-
Total comprehensive income attributable to DWS holders		**6,679**	10,134
Earnings per Share			
Basic earnings per share	5	**$ 0.051**	$ 0.077
Diluted earnings per share	5	**$ 0.051**	$ 0.077

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the half year financial report set out on pages 9-16.

Consolidated Statement of Financial Position

As at 31 December 2018

	Consolidated	
	31 Dec 2018	30 Jun 2018
	$'000	$'000
Current Assets		
Cash and cash equivalents	**8,427**	8,128
Trade and other receivables	**22,185**	19,566
Other	**3,335**	1,616
Total Current Assets	**33,947**	29,310
Non-Current Assets		
Property, plant and equipment	**2,083**	2,061
Intangible assets	**110,899**	67,839
Investment in associate	**875**	-
Deferred tax assets	**3,336**	3,067
Total Non-Current Assets	**117,193**	72,967
Total Assets	**151,140**	102,277
Current Liabilities		
Trade and other payables	**16,167**	7,631
Current tax liabilities	**1,655**	2,327
Short term provisions	**6,960**	6,876
Other	**1,337**	2,855
Total Current Liabilities	**26,119**	19,689
Non-Current Liabilities		
Interest bearing liability	**42,000**	10,000
Long term provisions	**10,789**	443
Total Non-Current Liabilities	**52,789**	10,443
Total Liabilities	**78,908**	30,132
Net Assets	**72,232**	72,145
Equity		
Issued Capital	**34,187**	34,187
Retained Earnings	**38,045**	37,958
Total Equity attributable to DWS Holders	**72,232**	72,145
Outside Equity Interest	-	-
Total Equity	**72,232**	72,145

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the half year financial report set out on pages 9-16.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2018

	Share Capital	Retained Earnings	Total Equity
	$'000	$'000	$'000
Balance at 1 July 2018	**34,187**	**37,958**	**72,145**
Dividends paid	-	(6,592)	(6,592)
Share buy-back	-	-	-
Total transactions with owners	-	(6,592)	(6,592)
Profit for the period atttributable to DWS holders	-	6,679	6,679
Other comprehensive income	-	-	-
Balance at 31 December 2018	**34,187**	**38,045**	**72,232**
Balance at 1 July 2017	**34,187**	**35,224**	**69,411**
Dividends paid	-	(6,591)	(6,591)
Share buy-back	-	-	-
Total transactions with owners	-	(6,591)	(6,591)
Profit for the period atttributable to DWS holders	-	10,134	10,134
Other comprehensive income	-	-	-
Balance at 31 December 2017	**34,187**	**38,767**	**72,954**

	31 Dec 2018	31 Dec 2017
Number of Shares on Issue	**No.**	No.
Fully paid ordinary shares with no par value	**131,831,328**	131,831,328

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the half year financial report set out on pages 9-16.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2018

	Consolidated	
	31 Dec 2018	31 Dec 2017
	$'000	$'000
Cash Flows from operating activities		
Cash receipts from customers	**90,874**	72,102
Cash payments to suppliers and employees	**(79,705)**	(58,795)
Income taxes paid	**(2,587)**	(3,932)
Interest paid	**(352)**	(240)
Interest received	**51**	87
Net cash provided by operating activities	**8,281**	9,222
Cash flows from investing activities		
Payment for acquisitions	**(33,000)**	(1,200)
Cash acquired within business acquisitions	**787**	-
Payments for plant and equipment	**(58)**	(15)
Payments for intangible assets	**(122)**	(41)
Payment for investment in associate	**(1,000)**	-
Proceeds from the sales of plant and equipment	**3**	4
Net cash (used in) investing activities	**(33,390)**	(1,252)
Cash flows from financing activities		
External loan drawn/(repaid)	**32,000**	(3,000)
Dividends paid	**(6,592)**	(6,591)
Net cash (used in) financing activities	**25,408**	(9,591)
Net (decrease) / increase in cash and cash equivalents held	**299**	(1,621)
Cash at the beginning of the reporting period	**8,128**	10,868
Cash at the end of the reporting period	**8,427**	9,247

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the half year financial report set out on pages 9-16.

NOTES TO THE HALF YEAR FINANCIAL REPORT

For the half year ended 31 December 2018

Note 1 Significant Accounting Policies

Reporting Entity

DWS Limited (the Company) and its controlled entities are companies domiciled in Australia. The consolidated half year financial report of the Company as at and for the half year ended 31 December 2018 comprises the Company and its controlled entities (together referred to as the "consolidated Group").

The consolidated annual financial report of the consolidated Group as at and for the year ended 30 June 2018 is available to shareholders upon request from the Company's registered office at Level 4, 500 Collins Street, Melbourne or at www.dws.com.au.

Statement of Compliance

The consolidated half year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with the International Financial Reporting Standard IAS 34: Interim Financial Reporting.

The consolidated half year financial report does not include all of the information required for a full annual report and should be read in conjunction with the consolidated annual financial report of the consolidated Group for the year ended 30 June 2018 and any public announcements made by the consolidated entity during the half year reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

The consolidated Group is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1,000, or in certain cases, to the nearest dollar.

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

The consolidated half year financial report was approved by the Board of Directors on 11 February 2019.

Significant Accounting Policies

The accounting policies applied by the consolidated entity in the consolidated half year financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 June 2018, except as described below. Note that the changes in accounting policies specified below only apply to the current period.

Notes to the half year financial report Cont’

New accounting standards adopted as at 1 July 2018

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the first time to the interim period ended 31 December 2018. There have been no significant changes to the Groups financial performance and position as a result of the adoption of the new and amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 January 2018. Changes to the Group’s accounting policies arising from these standards are summarised below.

AASB 15 has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018. When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods.

AASB 15 *Revenue from Contracts with Customers*

The requirements of AASB 15 replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* and several revenue-related interpretations. AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer.

The Groups revenue arises mainly from the sale of IT and business consulting services and software licensing.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

The Group at times enters into transactions involving a range of the Group’s products or services, for example the delivery and configuration of software. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Notes to the half year financial report Cont'

Revenue is recognised over time if;

- The customer simultaneously received and consumes the benefits as the entity performs;
- The customer controls the asset as the entity creates or enhances it; or
- The seller's performance does not create an asset for which the seller has an alternative use and there is a right to payment for performance to date

Where the above criteria are not met, revenue is recognised at a point in time.
The Group provides the below types of revenue.

IT and Business Consulting Services

The Group provides a wide-ranging suite of services including IT Consulting services, digital solutions, business analytics, strategic sourcing and productivity services, managed services and robotic process automation. Revenue from these services is recognised on a time-and-material basis as the services are provided or performance obligations are satisfied. Customers are invoiced monthly in arrears. Any amounts that remain unbilled at the end of a reporting period are presented in the statement of financial position as trade debtors as only the passage of time is required before payment of these amounts will be due.

The adoption of AASB 15 for IT and Business Consulting Services has had no material impact on revenue and required no adjustment to retained earnings.

Licensing Revenue

The Group enters into agreements with its customers to provide a right to access the Groups iApply software, an online forms data capture and automation software. The licence enables the customer to use the existing version of the software and also allows the customer to receive upgrades and enhancements to the software if and when they are available during the licensing agreement with the customer. The licensing agreement provides support on a time-and-materials basis as the services are provided. Licensing revenue is recognised on a straight-line basis over the license period which is the period that the Group and the customer agree to upon entering into a licensing agreement.

The Group has separately identified the licensing revenue and support revenue in reporting periods beginning on and after 1 July 2018 and there is no impact of AASB 15 on the Group's statement of profit or loss and other comprehensive income and the statement of financial position for the period ended 31 December 2018. The adoption of AASB 15 did not have an impact on the Groups statement of cash flows.

From the Group's assessment of when performance obligations are satisfied, there is no change in the timing of revenue recognition when comparing the previous accounting policy to those now under AASB 15.

AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Notes to the half year financial report Cont'

Classification and measurement

AASB 9 contains three measurement classifications for financial assets;

- Measured at amortised cost;
- Fair value through profit or loss (FVTPL); and
- Fair value through other comprehensive income (FVOCI)

The classification depends on the business model within which they are managed and their contractual cash flow characteristics. Loans and receivables are measured at amortised cost and are held with the objective of collecting the contractual cash flows on a specific date. Similarly, under AASB 139, financial assets were classified as loans and receivables and measured at amortised cost.

The classification and measurement requirements for financial liabilities under AASB 9 are largely consistent with AASB 139 with the exception that for financial liabilities designated as measured at fair value, gains or losses relating to the changes in the consolidated entity's own credit risk are included in other comprehensive income. The Groups financial liabilities include trade and other payables, borrowing and derivative financial instruments. Under AASB 9, there is no change to the classification and measurement of the Groups payable and borrowings on adoption of AASB 9.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt instruments at fair value through other comprehensive income (FVOCI), but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit loss. In using this practical expedient, the Group uses historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Group allows 100% for amounts that are more than 90 days post due. The Group has assessed the impact of the adoption of the ECL model under AASB 9 and has identified that there was no material impact to the Groups financial position.

Estimates

The preparation of the half year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The key estimation policies were the same as those applied to the consolidated financial report as at and for the year ended 30 June 2018.

Notes to the half year financial report Cont'

Note 2 Revenue

	Consolidated	
	31 Dec 2018	31 Dec 2017
	$'000	$'000
Revenue from continuing operations		
Services revenue	**82,271**	61,669
Total revenue from continuing operations	**82,271**	61,669
Other income		
Interest received	**51**	87
Other	**444**	2,105
Total other income	**495**	2,192

The revenue from operations of the consolidating entity is not subject to any identifiable seasonal or cyclic trends.

Note 3 Segment Reporting

Operating Segments

DWS Limited and its controlled entities, develop, manage and implement information technology solutions. There is only one reportable segment based on the aggregation criteria in AASB 8. The business operates within Australia only.

Note 4 Income Tax

	Consolidated	
	31 Dec 2018	31 Dec 2017
	$'000	$'000
The components of income tax expense		
Current tax payable	**3,182**	3,500
Deferred tax expense	**(133)**	62
	3,049	3,562
Profit before income tax		
Prima facie tax on profit from ordinary activities before income tax at 30% (2018 30%)	**2,918**	4,109
Increase in income tax expense due to:		
Non-deductible entertainment	**122**	48
Non-assesable income	**-**	(583)
Other items	**9**	(12)
Income tax expense/(benefit)	**3,049**	3,562

Notes to the half year financial report Cont'

Note 5 Earnings Per Share

	Consolidated	
	31 Dec 2018	31 Dec 2017
Earnings used in calculation of basic and dilutive EPS	**$ 6,678,642**	$ 10,134,577
Adjusted weighted average number of ordinary shares used in calculating basic earnings per share	**131,831,328**	131,831,328
Number for diluted earnings per share		
Ordinary shares	**131,831,328**	131,831,328
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**131,831,328**	131,831,328
Basic earnings per share	**$0.051**	$0.077
Diluted earnings per share	**$0.051**	$0.077
Ordinary Shares		
Shares on issue start of period	**131,831,328**	131,831,328
Share buy-backs	-	-
Share based payments	-	-
Total Shares on issue at end of period	**131,831,328**	131,831,328

Note 6 Subsequent Events

Since the end of the financial half year the Directors declared the following dividend.

	Amount Per Share	**Franked Amount Per Share**	**Expected Payment Date**
Interim - Ordinary	4.0 cents	4.0 cents	4 April 2019

Notes to the half year financial report Cont'

Note 7 Contingencies

Bank guarantees to the value of $776,615 remain in place and are provided as a security for the performance of rental property covenants. The bank guarantees are secured by a Standard Authority to Appropriate and Set-Off Term Deposits to the equivalent guarantee value or are drawn down under a bank guarantee facility.

Note 8 Dividends

During the reporting period, the Company made the following dividend payments:

	Half-year ended 31-Dec-18		Half-year ended 31-Dec-17	
	Amount per share	**Total $'000**	**Amount per share**	**Total $'000**
Ordinary shares				
Final dividend	5.00 cents	6,592	5.00 cents	6,591

Note 9 Business combinations

On 2 July 2018, DWS Limited acquired Projects Assured, a Canberra based strategic management and IT consulting business. This acquisition was funded by bank debt of $30.0 million with a further $13.0 million payable dependent on achieving EBITDA targets for FY19, FY20, FY21, FY22 and FY23.

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised Values ($)'000
Net Assets Acquired	
Other assets and liabilities	(38)
Property, plant & equipment	43
Net identifiable assets and liabilities[1]	5
Goodwill and intangibles on acquisition[1]	42,995
Total acquisition Cost	**43,000**
Consideration paid in cash	**30,000**
Consideration outstanding[2]	**13,000**

Notes to the half year financial report Cont’

The initial accounting for the Projects Assured acquisition has not separately recognised any identifiable intangible assets separate from goodwill. An intangible asset may exist for the customer contracts and relationships that were taken over as part of this acquisition. DWS Limited expects this will be resolved prior to the release of the 30 June 2019 financial statements within the measurement period prescribed by AASB 3 Business Combinations.

1. The calculation of the fair value of assets and liabilities acquired is yet to be finalised and accordingly the final carrying value of Goodwill and intangibles is yet to be determined and will be finalised by 30 June 2019.
2. The range of consideration payable is based upon FY19 EBITDA, FY20 EBITDA, FY21 EBITDA, FY22 EBITDA, FY23 EBITDA and is estimated to be between nil and $13,000,000 dependent upon achieving the EBITDA target for each of the financial years.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of DWS Limited:

   (a) the financial statements and notes, set out on pages 5 to 16 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the financial position of the consolidated Group as at 31 December 2018 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date;

      (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001: 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.

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

Danny Wallis
Chief Executive Officer and Managing Director

Signed at Sydney 11 February 2019

DWS

Grant Thornton

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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 review of DWS Limited for the half-year ended 31 December 2018, 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 review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton Audit Pty Ltd
Chartered Accountants

S C Trivett
Partner – Audit & Assurance

Melbourne, 11 February 2019

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Independent Auditor's Report

To the Members of DWS Limited

Report on the audit of the financial report

Conclusion

We have reviewed the accompanying half year financial report of DWS Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2018, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of DWS Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year 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 half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DWS Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001.*

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Simon Trivett

S C Trivett
Partner – Audit & Assurance

Melbourne, 11 February 2019