DWS

DWS Limited (and Controlled Entities)
ACN 085 656 088

RESULTS ANNOUNCEMENT TO THE MARKET

2019 Full Year Financial Results

[Based on accounts currently being audited]

DWS Limited (DWS) announces the following results and highlights for the year ended 30 June 2019:

- **Revenue from continuing operations of $163.5M (up $37.40M or 29.7% from the prior corresponding period (pcp));**
- **Underlying EBITDA of $26.4M (up $3.6M or 15.7% on pcp);**
- **NPAT of $10.3M (down $5.6M or 35.3% on pcp) mainly due to a change in the accounting treatment of acquisition costs. Normalised NPAT of approximately $16.8M (up $0.9M or 5.4% on pcp) adjusting for acquisition costs for Projects Assured and investment in RPA and licensed products;**
- **Cash flow from operations (before interest and tax) 105.1% of Reported EBITDA;**
- **DWS' balance sheet remains strong and liquid with gross cash of $8.9M;**
- **Bank debt increased by $32M to $42M ($10M pcp) due to Projects Assured acquisition and investment in RPA and licensed products;**
- **Final fully franked dividend of 4.00 cents per ordinary share declared;**
  - **Final Dividend** — **4.00 cents per ordinary share**
  - **Record Date** — **4 September 2019**
  - **Expected Payment Date** — **2 October 2019**
- **Billable consultant capacity continues to be managed to match client demand. Total billable consultants as at 30 June 2019: 751 (June 2018: 704);**
- **Strong performance from Projects Assured.**

	2019 $000's	2018 $000's	Change $000's	Change %
Revenue from continuing operations	**163,496**	126,098	37,398	29.7%
Other revenue (excl. Interest)	**633**	2,438	(1,805)	(74.0%)
Employee benefits expense	**(135,754)**	(100,549)	(35,205)	(35.0%)
Selling, general & admin expense	**(1,940)**	(5,129)	3,189	62.2%
Underlying EBITDA	**26,435**	22,858	3,577	15.7%
Underlying EBITDA %	***16%***	*18%*		
Acquisition costs	**(4,520)**	(54)	(4,466)	(8270.4%)
EBITDA	**21,915**	22,804	(889)	(3.9%)
Depreciation, amortisation & impairment	**(1,943)**	(392)	(1,551)	(395.7%)
Net interest (expense)/income	**(3,008)**	(652)	(2,356)	(361.3%)
Capitalised product development	**236**	107	129	120.6%
Share of loss from equity accounted investments	**(813)**	-	(813)	(100.0%)
Profit before tax	**16,387**	21,867	(5,480)	(25.1%)
Income tax expense	**(6,089)**	(5,950)	(139)	(2.3%)
Net profit after tax	**10,298**	15,917	(5,619)	(35.3%)

About DWS

The DWS Limited (DWS) Group provides information technology and management consulting services and develops, manages and implements information technology and business solutions 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 approximately 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.

APPENDIX 4E

30 JUNE 2019
DWS LIMITED

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Excellence

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DWS Limited

Appendix 4E and Preliminary Final Report

For year ended 30 June 2019

[Based on accounts that are currently being audited]

	2019 $'000	2018 $'000		Change $'000	% Change
Revenue from continuing operations	**163,496**	126,098	up	**37,398**	29.7%
Total comprehensive income for the year	**10,298**	15,917	down	**(5,619)**	(35.3%)

Dividends (distributions)	Amount per security	Amount per security	Record Date for dividend entitlement
Dividends paid during the financial year	**4.00 cents**	**5.00 cents**	15 March 2019
Dividend declared subsequent to financial year end	**4.00 cents**	**5.00 cents**	4 September 2019

	2019	2018
Net tangible asset backing per ordinary security	(23) cents	1 cent
Earnings per share	**7.8 cents**	12.1 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Notes	Consolidated 2019 $'000	2018 $'000
Revenue from continuing operations	2	**163,496**	126,098
Other income	2	**719**	2,589
Employee benefit expense		**(135,518)**	(100,442)
Occupancy expense		**(1,992)**	(1,612)
Depreciation and amortisation expense		**(1,943)**	(392)
Other expenses		**(4,468)**	(3,571)
Financing expenses		**(3,094)**	(803)
Share of loss from equity accounted investments		**(813)**	-
Profit before tax		**16,387**	21,867
Income tax expense	3	**(6,089)**	(5,950)
Profit from continuing operations		**10,298**	15,917
Profit for the year		**10,298**	15,917
Other comprehensive income		**-**	-
Total comprehensive income for the year		**10,298**	15,917

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 2019

	Notes	Consolidated 2019 $'000	2018 $'000
Current Assets			
Cash and cash equivalents		**8,880**	8,128
Trade and other receivables		**30,575**	19,566
Other		**1,133**	1,617
Total Current Assets		**40,588**	29,311
Non-Current Assets			
Property, plant and equipment		**2,701**	2,061
Intangible assets		**96,995**	67,839
Investment in associates		**187**	-
Deferred tax assets	3	**3,673**	3,066
Total Non-Current Assets		**103,556**	72,966
Total Assets		**144,144**	102,277
Current Liabilities			
Trade and other payables		**17,150**	7,631
Current tax liabilities		**3,270**	2,327
Short term provisions		**7,261**	6,876
Contract liabilities		**2,472**	2,855
Total Current Liabilities		**30,153**	19,689
Non-Current Liabilities			
Interest bearing liability		**42,000**	10,000
Long term provisions		**1,413**	443
Total Non-Current Liabilities		**43,413**	10,443
Total Liabilities		**73,566**	30,132
Net Assets		**70,578**	72,145
Equity			
Issued Capital		**34,187**	34,187
Retained Earnings		**36,391**	37,958
Total Equity		**70,578**	72,145

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

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Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Share Capital $'000	Retained Earnings $'000	Total Equity $'000
Balance at 1 July 2018	**34,187**	**37,958**	**72,145**
Dividends paid	**-**	**(11,865)**	**(11,865)**
Total transactions with owners	**-**	**(11,865)**	**(11,865)**
Total comprehensive income	**-**	**10,298**	**10,298**
Total at 30 June 2019	**34,187**	**36,391**	**70,578**
Balance at 1 July 2017	34,187	35,224	69,411
Dividends paid	-	(13,183)	(13,183)
Total transactions with owners	-	(13,183)	(13,183)
Total comprehensive income	-	15,917	15,917
Total at 30 June 2018	34,187	37,958	72,145

Number of shares on issue	**2019**	2018
Fully paid ordinary shares with no par value	**131,831,328**	131,831,328

	Consolidated
Movement in shares on issue	
Ordinary shares on issue at 1 July 2018	**131,831,328**
Changes to number of shares on issue during the reporting period	-
Ordinary shares on issue at 30 June 2019	**131,831,328**

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

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Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Notes	Consolidated 2019 $'000	2018 $'000
Cash flows from operating activities			
Cash receipts from customers		**175,978**	142,989
Cash payments to suppliers and employees		**(152,951)**	(120,703)
Income taxes paid		**(6,320)**	(4,986)
Interest received		**86**	151
Interest and financing expenses		**(1,816)**	(577)
Net cash provided by operating activities		**14,977**	16,874
Cash flows from investing activities			
Payments for plant and equipment		**(911)**	(124)
Payments for intangibles		**(236)**	(107)
Payments for acquisitions		**(33,000)**	(1,200)
Cash acquired within business acquisitions		**787**	-
Payment for investment in associate		**(1,000)**	-
Net cash used in investing activities		**(34,360)**	(1,431)
Cash flows from financing activities			
Dividends paid		**(11,865)**	(13,183)
Repayment of external financing		**(5,000)**	(9,000)
Receipt of external financing		**37,000**	4,000
Net cash provided by and used in financing activities		**20,135**	(18,183)
Net (decrease) / increase in cash and cash equivalents held		**752**	(2,740)
Cash at the beginning of the financial year		**8,128**	10,868
Cash at the end of the financial year		**8,880**	8,128

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

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Notes to the Preliminary Consolidated Financial Report
For the year ended 30 June 2019

Note 1 Summary of Significant Accounting Policies

This preliminary consolidated financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of DWS Limited (DWS) and its controlled entities (the Group). DWS is a listed public company, incorporated and domiciled in Australia.

The financial report of DWS and its controlled entities complies with all International Financial Reporting Standards (IFRS) in their entirety.

The accounting policies applied by the Group in the preliminary consolidated financial report are the same as those applied by the Group 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.

Basis of preparation

The accounting policies set out below have been consistently applied to all years presented unless otherwise stated.

Reporting basis and conventions

The consolidated 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.

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 period ended 30 June 2019. There have been no significant changes to the Group's 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.

Further information relating to AASB 15 and AASB 9 is provided below.

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Note 1 Summary of Significant Accounting Policies (cont.)

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 Group's revenue arises mainly from the sale of IT, management and business consulting services and software licensing.

To determine whether and when 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 customisation 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.

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 is not met, revenue is recognised at a point in time.

The Group provides the below types of revenue.

IT, Management and Business Consulting Services

The Group provides a wide ranging suite of services including IT, management and business 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, fixed price or milestone 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 these services has had no material impact on revenue and required no adjustment to retained earnings.

Note 1 Summary of Significant Accounting Policies (cont.)

Licensing Revenue

The Group enters into agreements with its customers to provide a right to access the Group's 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 30 June 2019. The adoption of AASB 15 did not have an impact on the Group's 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.

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 Group's 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 Group's payables and borrowings on adoption of AASB 9.

Note 1 Summary of Significant Accounting Policies (cont.)

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 Group's financial position.

Accounting Policies

(a) Principles of consolidation

The Group financial statements consolidate DWS and all of its controlled entities as of 30 June 2019. DWS controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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, Phoenix IT & T Consulting Pty Ltd and Projects Assured Pty Ltd. All controlled entities have a June financial year end and reporting date.

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

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 balance sheet date.

Note 1 Summary of Significant Accounting Policies (cont.)

Deferred tax is accounted for using the balance sheet 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 liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred 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 economic entity 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 and its wholly-owned Australian subsidiaries have not entered into an income tax consolidated group under the tax consolidation regime. DWS and each of its subsidiaries are responsible for their own recognition of current and deferred tax assets and liabilities.

(c) Revenue recognition

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

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.

The Group separately identifies the licensing revenue and support revenue in the Group's statement of profit or loss and other comprehensive income and the statement of financial position and recognises revenue when performance obligations are satisfied.

(d) Intangibles

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisition of a controlled entity is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and 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.

Note 1 Summary of Significant Accounting Policies (cont.)

(e) Impairment of 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. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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.

(f) Property, plant and equipment

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

(g) Employee benefits

Provision is made for the Group liability for employee benefits arising from services rendered by employees up to the balance date. Employee benefits that are expected to be settled within one year 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 have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) 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.

Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the consolidated financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates — Impairment

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

No impairment has been recognised in respect of goodwill for the year ended 30 June 2019.

Note 1 Summary of Significant Accounting Policies (cont.)

Operating segments

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

Note 2 Revenue

	Consolidated	
	2019	2018
	$'000	$'000
Revenue from continuing operations		
Services revenue	**162,685**	125,545
Licensing revenue	**811**	553
Total revenue from continuing operations	**163,496**	126,098
Other income		
Interest received	**86**	151
Other	**633**	2,438
Total other income	**719**	2,589

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Note 3 Income Tax Expense

	Consolidated	
	2019	2018
	$'000	$'000
The components of income tax expense comprise:		
Current tax expense	**7,278**	6,041
Prior year tax refund	**(14)**	(74)
Deferred tax expense	**(1,175)**	(17)
	6,089	5,950
Profit/Loss before income tax	**16,387**	21,867
Prima facie tax on profit from ordinary activities before income tax at 30% (2018 30%)	**4,916**	6,560
Numerical reconciliation of income tax expense:		
Non-deductible entertainment	**142**	90
Non-assesable income	**-**	(584)
Non-deductible acquisition costs and other payments	**1,045**	-
Other items	**-**	(42)
Prior year tax refund	**(14)**	(74)
Adjusted income tax	**6,089**	5,950
Income tax expense	**6,089**	5,950
Applicable weighted average effective tax rate	**37.16%**	27.21%

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	2018	**2019**	2018	**2019**	2018
Consolidated	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Employee Benefits	**501**	567	**-**	-	**501**	567
Provisions	**2,479**	2,196	**-**	-	**2,479**	2,196
Customer relationships	**-**	-	**(447)**	-	**(447)**	-
Other	**1,140**	303	**-**	-	**1,140**	303
Sub-total	**4,120**	3,066	**(447)**	-	**3,673**	3,066
Deferred tax assets through business combinations	**-**	**-**	**-**	-	**-**	-
Net Tax assets/ liabilities	**4,120**	3,066	**(447)**	-	**3,673**	3,066

Note 3 Income Tax Expense (cont.)

Movements in temporary differences	**Consolidated**	
	2019	2018
	$'000	$'000
The overall movement in the deferred tax account is as follows:		
Opening balance	**3,066**	3,049
Charge to Income Statement	**1,175**	17
Acquisition of Group Entity	**(568)**	-
	3,673	3,066
Deferred tax asset movement		
Employee Benefits		
Opening balance	**567**	99
Charged to Income Statement	**(151)**	468
Acquisition of Group Entity	**85**	-
Closing balance	**501**	567
Provisions		
Opening balance	**2,196**	2,009
Charged to Income Statement	**185**	187
Acquisition of Group Entity	**98**	-
Closing balance	**2,479**	2,196
Customer Relationships		
Opening balance	**-**	-
Charged to Income Statement	**447**	-
Acquisition of Group Entity	**(894)**	-
Closing balance	**(447)**	-
Other		
Opening balance	**303**	941
Charged to Income Statement	**694**	(638)
Acquisition of Group Entity	**143**	-
Closing balance	**1,140**	303
Total Closing Balance	**3,673**	3,066

Note 4 Dividends

(a) Dividends paid during the year

2019	**Cents per share**	**Total amount $'000**	**Franked/ Unfranked**	**Payment Date**
Final 2018 ordinary	5.00	6,592	Franked at 30%	2-Oct-18
Interim 2019 ordinary	4.00	5,273	Franked at 30%	4-Apr-19
2018				
Final 2017 ordinary	5.00	6,592	Franked at 30%	2-Oct-17
Interim 2018 ordinary	5.00	6,592	Franked at 30%	4-Apr-18

(b) Dividends Declared

Declared final dividend	**2019 $'000**	2018 $'000
Declared final fully franked ordinary dividend of 4.00 cents (2018 5.00 cents) per share at the tax rate of 30%	**5,273**	6,592

(c) Dividend Franking Account

30% franking credits available to shareholders of DWS Limited for subsequent financial years	**30,819**	29,503

Note 5 Earnings per Share

	Consolidated	
	2019	2018
	$	$
Earnings used in calculation of basic and dilutive EPS	**10,298,353**	15,916,713
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
Effect of dilutive share options	**-**	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings	**131,831,328**	131,831,328
Basic earnings per share	**7.8 cents**	12.1 cents
Diluted earnings per share	**7.8 cents**	12.1 cents

Note 6 Contingent Liabilities

The directors are of the opinion that provisions are not required in respect of the matter stated below as there is no probability of future sacrifice of economic benefits nor are the amounts capable of reliable measurement.

Bank guarantees

Bank guarantees of $947,579 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 7 Business Combinations

On 2 July 2018, DWS Limited acquired Projects Assured, a Canberra based business providing IT, management and business consulting services. 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	5
Customer relationships in acquisition[1]	2,980
Net Deferred Tax Liability	(568)
Goodwill on acquisition	27,583
Total acquisition Cost	**30,000**
Consideration paid in cash	**30,000**
Consideration outstanding[2]	**13,000**

1. The calculation of the customer relationships on acquisition has been calculated and accounted for in accordance with AASB *3 Business Combinations and* AASB *138 Intangible Assets*.
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.

Note 8 Subsequent events

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

(a) The Group's operations in future financial years.

(b) The results of those operation in future years.

(c) The Group's state of affairs in future financial years.