



DWS Limited (and Controlled Entities)  
ACN 085 656 088

## **RESULTS ANNOUNCEMENT TO THE MARKET**

### **2014 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 2014:**

- **Revenue from continuing operations of \$94.40M (down \$14.66M or 13% from the prior corresponding period (pcp));**
- **EBITDA of \$18.21M (down \$6.11M or 25% on pcp);**
- **NPAT of \$12.90M (down \$3.96M or 23% on pcp);**
- **Cash flow from operations (before interest and tax) 136% of EBITDA;**
- **DWS' balance sheet remains strong with zero debt and cash of \$16.45M;**
- **Final fully franked dividend of 4.25 cents per ordinary share declared:**
  - **Final Dividend** 4.25 cents per ordinary share
  - **Record Date** 12 September 2014
  - **Expected Payment Date** 3 October 2014
- **Transition of the Executive Management Team completed in March 2014. New organic growth strategy developed and is being executed:**
  - **New Cloud Services practice launched and experiencing strong demand;**
  - **New Digital Solutions practice formed under new leadership;**
  - **New vendor partnerships sourced and incorporated in solution offerings;**
- **JV with Borealis discontinued in June 2014 in favour of DWS acting as the delivery partner in Australia; and**
- **Billable consultant capacity continues to be managed tightly to match client demand. Total billable consultants at 30 June 2014: 490 (June 2013: 535).**

	H1 2014	H2 2014	Total 2014	2013	Change	Percentage
	\$'000	\$'000	\$'000	\$'000	\$'000	Change
<b>Revenue from continuing operations</b>	47,881	46,516	<b>94,397</b>	109,053	(14,656)	-13%
<b>Other revenue (excl Interest)</b>	15	4	<b>19</b>	167	(148)	-89%
Employee Benefits Expense	(36,594)	(36,189)	<b>(72,783)</b>	(80,970)	8,187	10%
Selling, general and admin expense	(1,834)	(1,585)	<b>(3,419)</b>	(3,926)	507	13%
<b>EBITDA</b>	<u>9,468</u>	<u>8,746</u>	<u><b>18,214</b></u>	24,324	(6,110)	-25%
<b>EBITDA Margin %</b>	20%	19%	19%	22%		
Depreciation and amortisation	(161)	(141)	<b>(302)</b>	(368)	66	-18%
Other	73	80	<b>153</b>	-	153	100%
Interest received	217	171	<b>388</b>	488	(100)	-21%
Share of profit from equity accounted investments	152	(16)	<b>136</b>	(135)	271	201%
Profit before tax	<u>9,749</u>	<u>8,840</u>	<u><b>18,589</b></u>	24,309	(5,720)	-24%
Income Tax Expense	(3,006)	(2,686)	<b>(5,692)</b>	(7,451)	1,759	24%
<b>Net profit after tax</b>	<u>6,743</u>	<u>6,154</u>	<u><b>12,897</b></u>	16,858	(3,961)	-23%

# APPENDIX 4E

30 June 2014  
DWS Limited

IT Consulting Services

Business Analytics

Digital Solutions

Cloud Services

Managed Application  
Services



# DWS Limited

## Appendix 4E and Preliminary Final Report

### For year ended 30 June 2014

*[Based on accounts that are currently being audited]*

	2014 \$'000	2013 \$'000		Change \$'000	% Change
Revenue from continuing operations	94,397	109,053	down	(14,656)	-13%
Total comprehensive income for the year	12,897	16,858	down	(3,961)	-23%

	Amount per security	Franked amount per security	Record Date for dividend entitlement
Dividends (distributions)			
Dividends paid during the financial year	4.50 cents	4.50 cents	19 March 2014
Dividend Declared subsequent to financial year end	4.25 cents	4.25 cents	12 September 2014

	2014	2013
Net tangible asset backing per ordinary security	20 cents	21 cents
Earnings per Share	\$0.10	\$0.13

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

For the year ended 30 June 2014

	Notes	Consolidated 2014 \$'000	2013 \$'000
<b>Revenue from continuing operations</b>	2	<b>94,397</b>	109,053
Other revenue	2	<b>407</b>	655
Employee benefit expense		<b>(72,783)</b>	(80,970)
Occupancy expense		<b>(1,117)</b>	(1,259)
Depreciation and amortisation expense		<b>(302)</b>	(368)
Other expenses		<b>(2,149)</b>	(2,667)
Share of profit/(loss) from equity accounted investments		<b>136</b>	(135)
<b>Profit before tax</b>		<b>18,589</b>	24,309
Income tax expense	3	<b>(5,692)</b>	(7,451)
<b>Profit from continuing operations</b>		<b>12,897</b>	16,858
<b>Profit for the year</b>		<b>12,897</b>	<b>16,858</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>12,897</b>	16,858

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 2014

	Notes	Consolidated 2014 \$'000	2013 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		16,448	11,792
Trade and other receivables		15,094	20,021
Other		3,787	5,449
<b>Total Current Assets</b>		<b>35,329</b>	<b>37,262</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		2,241	1,873
Intangible assets		33,473	32,924
Deferred tax assets	3	2,605	2,477
Investment in associates		151	-
<b>Total Non-Current Assets</b>		<b>38,470</b>	<b>37,275</b>
<b>Total Assets</b>		<b>73,799</b>	<b>74,536</b>
<b>Current Liabilities</b>			
Trade and other payables		3,800	3,997
Current tax liabilities		2,598	2,824
Short term provisions		5,965	5,915
Other		684	683
<b>Total Current Liabilities</b>		<b>13,047</b>	<b>13,419</b>
<b>Non-Current Liabilities</b>			
Long term provisions		392	417
<b>Total Non-Current Liabilities</b>		<b>392</b>	<b>417</b>
<b>Total Liabilities</b>		<b>13,439</b>	<b>13,837</b>
<b>Net Assets</b>		<b>60,360</b>	<b>60,699</b>
<b>Equity</b>			
Issued Capital		34,757	34,757
Retained Earnings		25,603	25,942
<b>Total Equity</b>		<b>60,360</b>	<b>60,699</b>

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

## Consolidated Statement of Changes in Equity For the year ended 30 June 2014

	Share Capital \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2013</b>	<b>34,757</b>	<b>25,942</b>	<b>60,699</b>
Dividends paid	-	(13,236)	(13,236)
Total transactions with owners	-	(13,236)	(13,236)
Total comprehensive income	-	12,897	12,897
<b>Total at 30 June 2014</b>	<b>34,757</b>	<b>25,603</b>	<b>60,360</b>

<b>Balance at 1 July 2012</b>	34,757	24,636	59,393
Dividends paid	-	(15,552)	(15,552)
Total transactions with owners	-	(15,552)	(15,552)
Total comprehensive income	-	16,858	16,858
<b>Total at 30 June 2013</b>	<b>34,757</b>	<b>25,942</b>	<b>60,699</b>

<b>Number of shares on issue</b>	<b>2014</b>	2013
Fully paid ordinary shares with no par value	<b>132,362,763</b>	132,362,763

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

## Consolidated Statement of Cash Flows For the year ended 30 June 2014

	<b>Consolidated</b>	
	<b>2014</b>	2013
	<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	<b>111,102</b>	122,249
Cash payments to suppliers and employees	<b>(86,358)</b>	(97,695)
Income taxes paid	<b>(6,006)</b>	(6,423)
Interest received	<b>388</b>	488
<b>Net cash provided by operating activities</b>	<b>19,126</b>	18,619
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	<b>(895)</b>	(636)
Payments for intangibles	<b>(339)</b>	(5,845)
<b>Net cash used in investing activities</b>	<b>(1,234)</b>	(6,481)
<b>Cash flows from financing activities</b>		
Dividends paid	<b>(13,236)</b>	(15,552)
<b>Net cash provided by financing activities</b>	<b>(13,236)</b>	(15,552)
<b>Net increase / (decrease) in cash and cash equivalents held</b>	<b>4,656</b>	(3,414)
Cash at the beginning of the financial year	<b>11,792</b>	15,206
<b>Cash at the end of the financial year</b>	<b>16,448</b>	11,792

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



## **Notes to the Consolidated Financial Report for Year ended 30 June 2014**

### **Note 1 Summary of Significant Accounting Policies**

This preliminary 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 controlled entities (the Group). DWS is a listed public company, incorporated and domiciled in Australia.

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

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

#### **Basis of Preparation**

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

#### **Reporting Basis and Conventions**

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.

#### **Accounting Policies**

##### **(a) Principles of Consolidation**

A controlled entity is any entity where DWS has the power to control the financial and operating policies so as to obtain benefits from its activities.

The controlled entities are Wallis Nominees (Computing) Pty Ltd, DWS (NSW) Pty Ltd, Graeme V Jones & Associates Pty Ltd (formerly GlobalSoft Australia Pty Ltd), Equest Consulting Pty Ltd, BD Consulting Pty Ltd (formerly Borealis DWS Consulting Services Pty Ltd), Strategic Data Management Pty Ltd, and SDM Sales 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.

Minority equity interests in the entity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.



## **Note 1 Summary of Significant Accounting Policies (cont.)**

### **1. 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.

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 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 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.

#### **(b) 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.

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.

#### **(c) 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 date of acquisition. Goodwill on acquisition of subsidiaries 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.)**

### **(d) 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.

### **(e) 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.

### **(f) Employee benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance 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.

### **(g) 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 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 2014.

## Note 1 Summary of Significant Accounting Policies (cont.)

### 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 2 Revenue

	<b>Consolidated 2014 \$'000</b>	2013 \$'000
<b>Revenue from continuing operations</b>		
Services revenue	<b>94,397</b>	109,053
<b>Total revenue from continuing operations</b>	<b>94,397</b>	109,053
<b>Other revenue</b>		
Interest received	<b>388</b>	488
Other	<b>19</b>	167
<b>Total other revenue</b>	<b>407</b>	655

## Note 3 Income Tax Expense

	<b>Consolidated 2014 \$'000</b>	2013 \$'000
<b>The components of income tax expense comprise:</b>		
Current tax expense	<b>5,820</b>	7,682
Deferred tax expense	<b>(128)</b>	(231)
	<b>5,692</b>	7,451
<b>Profit/Loss before income tax</b>	<b>18,589</b>	24,309
Prima facie tax on profit from ordinary activities before income tax at 30% (2013 30%)	<b>5,577</b>	7,293
<b>Increase in income tax expense due to:</b>		
Non-deductible entertainment	<b>101</b>	153
Other items	<b>14</b>	5
Adjusted income tax	<b>5,692</b>	7,451
<b>Income tax expense</b>	<b>5,692</b>	7,451
Applicable weighted average effective tax rate	<b>30.62%</b>	30.65%

### Note 3 Income Tax Expense (cont.)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>Consolidated</b>						
Employee Benefits	394	228	-	-	394	228
Provisions	1,907	1,775	-	-	1,907	1,775
Other	304	474	-	-	304	474
Net Tax assets / liabilities	<b>2,605</b>	<b>2,477</b>	<b>-</b>	<b>-</b>	<b>2,605</b>	<b>2,477</b>

### Movements in Temporary Differences

#### Consolidated

2014  
\$'000

2013  
\$'000

The overall movement in the deferred tax account is as follows:

Opening balance	2,477	2,205
Charge to income statement	128	272
	<b>2,605</b>	<b>2,477</b>

### Deferred tax asset movement

#### Employee Benefits

Opening balance	228	138
Charged	166	90
Closing balance	<b>394</b>	<b>228</b>

#### Provisions

Opening balance	1,774	1,577
Charged	133	197
Closing balance	<b>1,907</b>	<b>1,774</b>

#### Other

Opening balance	475	490
Charged	(171)	(15)
Closing balance	<b>304</b>	<b>475</b>

### Total Closing Balance

**2,605**      **2,477**

## Note 4 Dividends

### (a) Dividends paid during the year

	<b>2014</b>	<b>Cents per share</b>	<b>Total amount \$'000</b>	<b>Franked/ Unfranked</b>	<b>Payment Date</b>
Final 2013 ordinary		5.50	7,280	Franked at 30%	4-Oct-13
Interim 2014 ordinary		4.50	5,956	Franked at 30%	4-Apr-14
	<b>2013</b>				
Final 2012 ordinary		6.25	8,273	Franked at 30%	4-Oct-12
Interim 2013 ordinary		5.50	7,280	Franked at 30%	4-Apr-13

### (b) Dividends Declared

	<b>2014</b>	<b>2013</b>
<b>Declared final dividend</b>	<b>\$'000</b>	<b>\$'000</b>
Declared final fully franked ordinary dividend of 4.25 cents (2013 5.50 cents) per share at the tax rate of 30%	<b>5,625</b>	7,280

### (c) Dividend Franking Account

30% franking credits available to shareholders of DWS Limited for subsequent financial years	<b>23,415</b>	23,349
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## Note 5 Earnings per Share

	<b>Consolidated</b>	
	<b>2014</b>	<b>2013</b>
<b>Earnings used in calculation of basic and dilutive EPS</b>	<b>\$ 12,897,230</b>	\$ 16,858,246
Adjusted weighted average number of ordinary shares used in calculating basic earnings per share	<b>132,362,763</b>	132,362,763
<b>Number for diluted earnings per share</b>		
Ordinary shares	<b>132,362,763</b>	132,362,763
Effect of dilutive share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings	<b>132,362,763</b>	132,362,763
<b>Basic earnings per share</b>	<b>\$0.10</b>	\$0.13
<b>Diluted earnings per share</b>	<b>\$0.10</b>	\$0.13

## **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 \$727,833.84 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 7 Events subsequent to reporting date**

On 29 July 2014 DWS announced an on-market share buy-back of up to 6.6 million shares representing approximately 5 per cent of issued ordinary shares. The buy-back is able to commence on 21 August 2014 for a period of 12 months.

No other matter or circumstance has arisen since 30 June 2014 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
- (c) The consolidated entity's state of affairs in future financial years