

APPENDIX 4D & HALF YEAR FINANCIAL STATEMENTS

DTI Group Ltd
31 December 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET



Appendix 4D

Half year report Period ending on 31 December 2020

Name of entity

DTI Group Ltd

ABN or equivalent company
reference

15 069 791 091

The information contained in this report relates to the following years:

Current half-year ended	31 December 2020
Previous half-year ended	31 December 2019

Results for announcement to the market

					\$000s
Revenue	Increased	73.7%	To		12,166.1
Losses after tax attributable to members	Decreased	57.6%	To		(210.6)
Losses after tax attributable to owners of the parent	Decreased	57.6%	To		(210.6)

Dividend payments	Amount per security	Franked amount per security
<u>Year ended 30 June 2020</u> Final dividend (cents per share)	-	-
<u>Half year ended 31 December 2020</u> Interim dividend (cents per share)	-	-
Record date for determining entitlement to dividend	n/a	
Date the interim 2020 dividend is payable	n/a	

Net tangible assets	Current HY \$	Previous HY \$
Net tangible assets per ordinary security	\$0.01	\$0.02

Total interim dividend to be paid on all securities	Current HY \$	Previous HY \$
Ordinary securities	nil	nil

Audit/review status

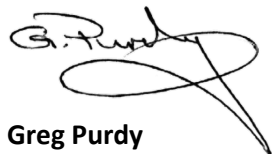
This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>

If the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph:

Emphasis of matter relating to going concern.

The above information should be read in conjunction with the attached Half Year Report for the period ending 31 December 2020.

This report is based on accounts that have been reviewed.



Greg Purdy
Chairman

Date: 23 February 2021

Half-Year Report 31 December 2020

D T I G R O U P L T D

2021 Half-Year Report

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Directors' Report

The Directors of DTI Group Ltd (“DTI” or “Company”) present herewith the financial report of the Company and its subsidiaries (“Group”) for the half year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the Directors of the Company in office during or since the start of the half-year are:

Greg Purdy

Non-Executive Chairman

Steve Gallagher

Non-Executive Director

Andrew Lewis

Non-Executive Director

Chris Afentoulis

Non-Executive Director

No change of directorship is recorded for the half year.

Principal activities

The principal activities of the Group during the course of the financial period were the development, manufacture and supply of integrated surveillance, passenger communication systems, and fleet management solutions for the global mass transit industry and other related markets.

There were no significant changes in the nature of the activities of the Group during the period.

Operating and Financial Review

Overview

DTI's customers are transit agencies, transit vehicle manufacturers and transit operators. The Company offers the following products and services:

- Advanced surveillance solutions – specialised hardware systems, incorporating video, audio, GPS tracking, communications and high-speed recording technology; supported by sophisticated device and data management software to provide comprehensive, fleet-wide, CCTV and vehicle management solutions.
- Passenger communication solutions – specialised hardware systems, incorporating real time passenger information through graphical and high brightness displays as well as public address and hearing aid loop communications, passenger emergency communications, driver awareness systems incorporating live viewing of passengers, and infotainment systems; supported by sophisticated device and content management software to provide a comprehensive, fleet-wide, passenger information management solution.
- Managed services – back-end control room communications and infrastructure comprising wide-area urban surveillance, driver development and risk mitigation, video management, vehicle data analysis and monitoring, schedule adherence analysis, IT infrastructure, help desk, technical support and monitoring, and first line maintenance.

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

Shareholder returns

The table below sets out summary information about the Group's earnings and movement in shareholder wealth for the half year ended 31 December 2020.

		31 December 2020	31 December 2019
Operating Revenue	\$	12,166,066	7,005,507
Underlying EBITDA	\$	128,108	428,898
EBITDA	\$	(67,715)	(143,892)
EBIT	\$	(198,074)	(478,478)
Net loss after tax	\$	(210,599)	(496,264)
Basic loss per share	cps	(0.06)	(0.19)

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

Review of Financial Condition

HY1 21 Financial Performance

During the half year period, DTI recorded revenue of \$12.2 million (Dec 2019: \$7.0 million). This represents a 73.7 per cent increase compared to the corresponding half year period and is mainly attributed to commencement of new projects and on time physical delivery of trainsets, which has resulted in revenue recognition in this half year period. The business continues to retain similar order book in the rail and bus sectors.

DTI recorded positive underlying EBITDA of \$0.13 million for the half year ended 31 December 2020 (Dec 2019: \$0.43 million). Whilst DTI recorded higher revenue and gross margin, the reported EBITDA was impacted by project contingency costs and higher operational overhead driven by an expanded project management and engineering teams. The resources are used for managing and developing new projects and products, which is expected to generate new income streams.

Underlying EBITDA

For the half year period, the consolidated entity achieved a statutory EBITDA loss of \$0.07 million compared to the previous corresponding period EBITDA loss of \$0.14 million.

Reconciliation of Underlying EBITDA	31 December 2020	31 December 2019
	\$	\$
EBIT	(198,074)	(478,478)
Depreciation/Amortisation	130,359	334,586
Reported EBITDA	(67,715)	(143,892)
Jobkeeper payment	(486,000)	–
Cash flow boost income	(50,000)	–
Onerous contract allowance	731,816	–
Impairment of project costs	–	572,790
Underlying EBITDA	128,101	428,898

The resulting underlying EBITDA profit of \$0.13 million compared to the previous corresponding period underlying EBITDA gain of \$0.43 million. The underlying EBITDA is primarily attributable to:

- i) Jobkeeper and cashflow boost income from the government;
- ii) Increase in operational overhead costs;
- iii) Increase in onerous allowance on rail projects due to unexpected overrun for installation costs;
- iv) Reduction in depreciation/amortisation cost;
- v) Reduction in corporate overhead costs; and
- vi) Foreign exchange loss.

Cash Flow

During the period, DTI generated negative cash flow from operations of \$0.18 million (Dec 2019: negative \$0.39 million) for the half year. Net cash outflow for the half year was \$0.36 million (Dec 2019: Positive \$1.49 million). Key impacts on net cash flow included:

- i) Capital R&D activities has been accelerated as resources focused on development of new products compared to prior half year of \$0.02 million;
- ii) Rail projects typically have a larger investment in engineering and design and can be subject to delays outside of DTI's control. The working capital intensity of these rail projects gives rise to irregular cash flows; and
- iii) No additional capital injections or borrowings were made during this half of the year.

Financial Position

As at the end of the half year, DTI maintained positive cash reserves of \$2.3 million and sufficient levels of liquid working capital. DTI has no term debt.

At 31 December 2020, DTI recorded net assets of \$5.1 million, including \$2.3 million in cash. The working capital metrics remain stable with current assets of \$12.6 million and current liabilities of \$9.0 million. DTI is focussed on improving this position through greater production efficiencies, improved products and cost reductions.

As DTI continues to grow its product range and project revenue base, increased working capital may be required as the Company increases revenue over time.

Review of principal business

Operational performance

Throughout the half-year DTI won a number of new contracts on the basis of its unique product offering. DTI was awarded the Hitachi Autohaul Maintenance contract over a period of 5 years for a contract value of A\$1.73 million, and a contract with Siemens was secured to provide its CCTV system for San Francisco's new light rail vehicles.

DTI continues to provide long-term maintenance and support services to municipal transit authorities in Australia (Brisbane City Council, Public Transit Authority of Western Australia, Department of Planning, Transport and Infrastructure of South Australia, and Action Bus (Canberra)) and in the UK. DTI is looking to continue to increase its recurring revenue via maintenance contracts and the licensing of its industry leading software solutions.

Strategy and Outlook

DTI has been executing against its strategy of developing surveillance, communication and passenger information products and solutions for the mass transit industry focussing on the rail, light rail and bus verticals. DTI is currently developing its next generation recorder targeted at the bus market and it has identified a potential market opportunity in Australia of \$80 million over the next five years.

DTI has a level of contracted revenue that will underpin revenue for the balance of FY21. In addition, DTI has been awarded a number of multi-year contracts which supports its revenue base. Whilst there have been delays in the awarding of contracts due to the impacts of COVID-19 on patronage of public transport and the restrictions governments have implemented to reduce the spread of the virus it is anticipated that activities will recommence in Q4 FY21.

DTI has an identified opportunity pipeline of \$190 million which relates to work that is expected to be awarded over the next five years, including approximately \$24 million expected to be decided in the next six months. Government stimulus funding is also being provided to the mass transit market and this will lead to an increase in opportunities not yet identified. The realisation of this opportunity pipeline is expected to provide a baseload of revenue for the Company from which it can continue to grow its market share and develop new products and solutions for its customers.

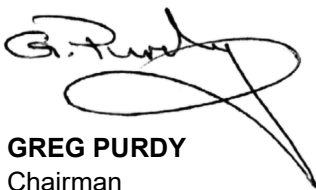
Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

The auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is included on page 20 of the half-year report.

This Directors' report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.



GREG PURDY
Chairman

23 February 2021
Melbourne, Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Sales revenue	2	12,166,066	7,005,507
Cost of goods sold		(9,883,444)	(5,991,124)
Gross margin		2,282,622	1,014,383
Operational overheads		(985,307)	(81,659)
Onerous contract allowance		(731,816)	–
Impairment costs	3	–	(572,790)
Other income		583,168	758,313
Other expenses	3	(130,627)	–
Corporate overheads		(1,085,755)	(1,262,139)
Depreciation/amortisation		(130,359)	(334,586)
Net interest		(10,248)	(13,748)
Net loss before tax		(208,322)	(492,226)
Tax expense		(2,277)	(4,038)
Net loss after tax		(210,599)	(496,264)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Exchange differences		208,391	(152,076)
Total other comprehensive income/(loss)		208,391	(152,076)
Total comprehensive loss for the period		(2,208)	(648,340)
Total comprehensive loss is attributable to:			
Owners of DTI Group Ltd		(2,208)	(648,340)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)		(0.06)	(0.19)
Diluted loss per share (cents per share)		(0.06)	(0.19)

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 31 December 2020

	Note	31 Dec 2020 \$	30 Jun 2020 \$
Current assets			
Cash and cash equivalents		2,269,055	2,701,353
Trade and other receivables	4	4,160,921	4,674,283
Contract assets		1,240,053	31,675
Contract costs		495,863	628,754
Inventories		4,134,115	4,446,166
Other current assets		265,823	696,834
Total current assets		12,565,830	13,179,065
Non-current assets			
Other receivables	4	550,041	505,041
Property, plant and equipment		128,199	141,593
Intangible assets	5	735,709	348,076
Right of use asset		187,835	254,130
Total non-current assets		1,601,784	1,248,840
Total assets		14,167,614	14,427,905
Current liabilities			
Trade and other payables		6,790,599	4,579,431
Contract liabilities		1,135,094	2,724,840
Borrowings		–	85,625
Lease liability		143,193	132,820
Provisions		940,257	1,669,621
Total current liabilities		9,009,143	9,192,337
Non-current liabilities			
Lease liability		65,196	140,085
Total non-current liabilities		65,196	140,085
Total liabilities		9,074,339	9,332,422
Net assets		5,093,275	5,095,483
Equity			
Contributed equity	6	33,885,113	33,885,113
Reserves		287,449	79,058
Accumulated losses		(29,079,287)	(28,868,688)
Total equity		5,093,275	5,095,483

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2020

	Contributed Equity \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumula- ted Losses \$	Total \$
At 1 July 2020	33,885,113	478,968	(399,910)	(28,868,688)	5,095,483
Loss for the period	–	–	–	(210,599)	(210,599)
Other comprehensive income	–	–	208,391	–	208,391
Total comprehensive income/(loss) for the period	–	–	208,391	(210,599)	(2,208)
At 31 December 2020	33,885,113	478,968	(191,519)	(29,079,287)	5,093,275
At 1 July 2019	30,955,098	473,572	(14,236)	(26,137,418)	5,277,016
Loss for the period	–	–	–	(496,264)	(496,264)
Other comprehensive loss	–	–	(152,076)	–	(152,076)
Total comprehensive loss for the period	–	–	(152,076)	(496,264)	(648,340)
Transactions with owners in their capacity as owners					
Shares issued to employees	–	5,396	–	–	5,396
Issue of share capital	2,990,868	–	–	–	2,990,868
Capital raising costs	(60,853)	–	–	–	(60,853)
At 31 December 2019	33,885,113	478,968	(166,312)	(26,633,682)	7,564,087

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2020

	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows used in operating activities		
Receipts from customers	10,266,125	9,454,383
Payments to suppliers and employees	(10,436,435)	(9,824,794)
Interest received	2,161	5,302
Interest paid	(12,410)	(19,050)
Tax paid	(2,277)	(4,038)
Net cash outflow used in operating activities	(182,836)	(388,197)
Cash flows used in investing activities		
Payments for plant and equipment	(20,438)	(4,707)
Payments for intangible assets	(405,554)	(19,075)
Net cash outflow used in investing activities	(425,992)	(23,782)
Cash flows from financing activities		
Proceeds from issues of shares	–	2,990,868
Share issue expenses	–	(60,853)
Payments for leased property	(49,656)	(67,880)
Proceeds from borrowings	–	1,808,691
Repayment of borrowings	(85,625)	(1,843,643)
Cash deposit released/(utilised) for banking facility	380,041	(930,082)
Net cash inflow from financing activities	244,760	1,897,101
Net (decrease)/increase in cash and cash equivalents	(364,068)	1,485,122
Cash and cash equivalents at the beginning of the period	2,701,353	2,033,105
Effect of foreign exchange on opening balances	(68,230)	3,390
Cash and cash equivalents at the end of the period	2,269,055	3,521,617

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

Note 1: Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 together with public announcements and documents made by the Company during the interim reporting period in accordance with the continuous disclosure obligations of the Corporations Act 2001 and ASX Listing Rules.

DTI is a for-profit company, limited by shares, incorporated in Australia and its shares have been publicly traded on the Australian Securities Exchange since 9 December 2014.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2: Segment information

The CODM is the Chief Executive Officer (CEO) who monitors the operating results of the consolidated group and organises its business activities and product lines to serve the global mass transit industry. The performance of the consolidated group is evaluated based on Earnings before Interest, Taxes, Depreciation and Amortisation (“EBITDA”) which is measured in accordance with the Group’s accounting policies. The Group only has one reportable segment which is the transit industry.

The following is an analysis of the Group’s revenue and results from continuing operations by the reportable segment.

Segment Revenues and Results	31 Dec 2020			31 Dec 2019
	\$			\$
Sales revenue	12,166,066			7,005,507
Cost of goods sold	(9,883,444)			(5,991,124)
Gross Margin	2,282,622			1,014,383
Gross Margin	19%			14%
Other income	583,168			758,313
Onerous contract allowance	(731,816)			–
Impairment of project costs	–			(572,790)
Foreign exchange loss	(130,627)			–
Operational overheads	(985,307)	–	(81,659)	–
Corporate overheads	(1,085,755)	(2,071,062)	(1,262,139)	(1,343,798)
EBITDA	(67,715)			(143,892)
Depreciation/amortisation	(130,359)			(334,586)
EBIT	(198,074)			(478,478)
Net Interest and finance loss	(10,248)			(13,748)
Net loss before tax	(208,322)			(492,226)
Tax benefit	(2,277)			(4,038)
Net loss after tax	(210,599)			(496,264)

Note 2: Segment information (cont'd)

Segment Assets and Liabilities	31 Dec 2020	30 Jun 2020
	\$	\$
Total Assets & Liabilities		
Consolidated total assets	14,167,614	14,427,905
Consolidated total liabilities	9,074,339	9,332,422
Geographical Assets		
Australia	12,403,330	12,485,458
Others	1,764,284	1,942,447
	14,167,614	14,427,905
Geographical Liabilities		
Australia	8,587,941	8,505,290
Others	486,398	827,132
	9,074,339	9,332,422

Major customers

DTI supplies goods and services to a broad range of customers in the transit industry. During the reporting period, four (Dec 2019: four) major customers accounted for more than 77 per cent (Dec 2019: 35 per cent) of the Group's revenue.

Note 3: Impairment costs and other expenses

	31 Dec 2020	31 Dec 2019
	\$	\$
Impairment Costs		
Project costs	–	572,790
	–	572,790
Other Expenses		
Foreign exchange loss	130,627	–
	130,627	–

Note 4: Trade and other receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

	31 Dec 2020	30 Jun 2020
	\$	\$
Current		
Trade receivables (net of impairment)	3,999,673	4,008,161
Other debtors	161,248	241,081
Other receivables – cash deposit	–	425,041
	4,160,921	4,674,283

Note 4: Trade and other receivables (cont'd)

	31 Dec 2020 \$	30 Jun 2020 \$
Non Current		
Other receivables – cash deposit	550,041	505,041

Other receivables – cash deposit includes cash backing deposits associated with the issue of bank guarantee to a major customer and the lessor. These deposits are therefore not available for general use by the Group.

Impaired trade receivables

At 31 December 2020 current trade receivables of the Group with a value of \$274,220 were impaired.

Note 5: Intangible assets

	Development Costs \$	Patents \$	Total \$
At 31 December 2020			
Cost (gross carrying amount)	493,062	644,991	1,138,053
Accumulated amortisation	–	(402,344)	(402,344)
Net carrying amount	493,062	242,647	735,709
Movements in carrying amounts			
Balance at 1 July 2020	116,502	231,574	348,076
Additions	376,560	28,994	405,554
Amortisation expense (net)	–	(17,921)	(17,921)
Net carrying amount	493,062	242,647	735,709
At 30 June 2020			
Cost (gross carrying amount)	116,502	612,337	728,839
Accumulated amortisation	–	(380,763)	(380,763)
Net carrying amount	116,502	231,574	348,076
Movements in carrying amounts			
Balance at 1 July 2019	–	261,309	261,309
Additions	116,502	19,272	135,774
Amortisation expense	–	(49,007)	(49,007)
Net carrying amount	116,502	231,574	348,076

(a) Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The net development costs has been subject to impairment testing. If an impairment indicator arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Note 5: Intangible assets (cont'd)

(b) Patents

Patents have been externally acquired and are carried at cost less accumulated impairment losses. This intangible asset has been assessed as having a useful life and is amortised using the straight-line method over a period of 10 years. The patents have been granted for between fifteen and twenty years by the relevant government agency. If an impairment indication arises, the recoverable amount is estimated, and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Note 6: Contributed equity

	31 Dec 2020 No.	31 Dec 2020 \$	30 Jun 2020 No.	30 Jun 2020 \$
Ordinary shares				
Balance at the beginning of financial period	333,382,585	33,885,113	213,399,600	30,955,098
Issued of share capital	–	–	119,634,710	2,990,868
Capital raising costs	–	–	–	(60,853)
Shares exercised under employee share plan	40,000	–	348,275	–
Balance at the end of the financial period*	333,422,585	33,885,113	333,382,585	33,885,113

*Balance excludes 1,553,975 Treasury Share held in trust for DESP which was established in April 2016.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Note 7: Going Concern

The half-year financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group recorded a loss after tax of \$0.21 million for the half year ended 31 December 2020 (December 2019: \$0.50 million loss) and had operating cash outflows of \$0.18 million (31 December 2019: outflow \$0.39 million). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

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

- The Group has \$3.0 million of working capital as at 31 December 2020 to fund its working capital requirements;
- The Group continues to focus on improving commercial terms to reduce future working capital requirements and improve profitability by negotiating with customers and improving its bidding process to secure more favourable terms; and
- The Group continues to implement its turnaround plan and is closely executing this plan with the expectation of producing positive cash flow from operations and managing cost to budget.

The Directors believe that there are reasonable grounds that the Group will continue as a going concern.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 8: Contingent liabilities and commitments

The bank requires the Group to provide a cash deposit for an amount equal to the sum of its utilisation of the facility with no requirements to meet any banking covenants. As at 31 December 2020, the utilisation of the facility remains at \$550,041, with the equivalent restricted cash deposit in place. Refer to Note 4.

Note 9: Subsequent events

No matters or circumstances have arisen that have significantly affected or may significantly affect the operations of DTI Group Ltd, the results of those operations or the state of affairs of DTI Group Ltd in subsequent years that is not otherwise disclosed in this report.

Note 10: Fair value measurement of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values.

The estimated fair value of financial instruments has been determined by the Company using available market information and appropriate valuation methods. The estimates presented are not necessarily indicative of the amounts that will ultimately be realised by the Company upon maturity or disposal. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

For cash and cash equivalents, current receivables, accounts payable, interest accrual and short-term debts, the carrying amounts approximate fair value, because of the short maturity of these instruments, and therefore fair value information is not included.

Directors' Declaration

In the opinion of the directors of the Company:

- (a) The financial statements and notes as set out on pages 8 to 16 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements.
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.
- (b) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of directors and is signed for and on behalf of the directors by:



GREG PURDY

Chairman

23 February 2021
Melbourne, Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of DTI Group Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of DTI Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 7 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2020 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*.

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.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 23 February 2021

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF DTI GROUP LTD

As lead auditor for the review of DTI Group Ltd for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of DTI Group Ltd and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 23 February 2021

Corporate directory

Directors	Greg Purdy Steve Gallagher Andrew Lewis Chris Afentoulis	Non-Executive Chairman Non-Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Ian Hobson	
Registered and Principal Office	31 Affleck Road Perth Airport WA 6105 Telephone: (08) 9479 1195 Facsimile: (08) 9479 1190 Website: www.dti.com.au	
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008	
Share Registrar	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford Vic 3067	
Banker	Bankwest Division of Commonwealth Bank of Australia Bankwest Place 300 Murray Street Perth WA 6000	
Stock Exchange Listing	DTI Group Ltd shares are listed on the Australian Securities Exchange (ASX code: DTI)	