

APPENDIX 4D & HALF YEAR FINANCIAL STATEMENTS

DTI Group Ltd
31 December 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET



Appendix 4D

Half year report Period ending on 31 December 2021

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 2021
Previous half-year ended	31 December 2020

Results for announcement to the market

					\$000s
Revenue	Decreased	18.7%	To		9,883
Losses after tax attributable to members	Decreased	57.5%	To		(89.6)
Losses after tax attributable to owners of the parent	Decreased	57.5%	To		(89.6)

Dividend payments	Amount per security	Franked amount per security
<u>Year ended 30 June 2021</u> Final dividend (cents per share)	-	-
<u>Half year ended 31 December 2021</u> Interim dividend (cents per share)	-	-
Record date for determining entitlement to dividend	n/a	
Date the interim 2021 dividend is payable	n/a	

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

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 2021.

This report is based on accounts that have been reviewed.



Greg Purdy
Chairman

Date: 28 February 2022

Half-Year Report 31 December 2021

D T I G R O U P L T D



2022 Half-Year Report

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Directors' Report

In compliance with the provisions of the Corporations Act (2001), the Directors of DTI Group Ltd (“DTI” or “Company”) present the financial report of the Company and its subsidiaries (“Group”) for the half year ended 31 December 2021.

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 for the financial period were the development, manufacture and supply of integrated surveillance systems, 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 that incorporate video, audio, GPS tracking, communications, and high-speed recording technology; supported by sophisticated device and data management software to provide a 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, public address and hearing aid loop communications, passenger emergency communications, driver awareness systems, and infotainment systems; supported by sophisticated device and content management software to provide a comprehensive fleet-wide passenger information management solutions.
- 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, monitoring, and first line maintenance.

DTI markets and sells its product range to customers worldwide direct to customer and 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 2021.

		31 December 2021	31 December 2020
Operating Revenue	\$	9,883,533	12,166,066
Underlying EBITDA	\$	262,678	128,108
EBITDA / (negative EBITDA)	\$	68,125	(67,715)
EBIT / (negative EBIT)	\$	(43,015)	(198,074)
Net loss after tax	\$	(89,575)	(210,599)
Basic loss per share	cps	(0.02)	(0.06)

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

Review of Financial Condition

HY1 22 Financial Performance

For the half year, DTI reports revenue of \$9.9 million (Dec 2020: \$12.2 million), an 18.8% per cent reduction compared to the prior comparison period (PCP). This is substantially attributed to the timing of major project deliveries, commencement of new projects and on time physical delivery of trainsets.

DTI recorded positive reported EBITDA of \$0.07 million for the half year ended 31 December 2021 (PCP: loss of \$0.07 million).

Underlying EBITDA

For the half year, the consolidated entity achieved a statutory EBITDA profit of \$0.07 million compared to the PCP EBITDA loss of \$0.07 million.

Reconciliation of Underlying EBITDA	31 December 2021	31 December 2020
	\$	\$
EBIT / (negative EBIT)	(43,015)	(198,074)
Depreciation/Amortisation	111,140	130,359
Reported EBITDA / (negative EBITDA)	68,125	(67,715)
Jobkeeper payment	-	(486,000)
Cash flow boost income	-	(50,000)
Onerous contract allowance	194,553	731,816
Underlying EBITDA	262,678	128,101

The *underlying* EBITDA profit of \$0.26 million (PCP: EBITDA profit of \$0.13 million) is primarily attributable to:

- i) Improvement in gross profit percentage;
- ii) Reduction of onerous allowances;
- iii) Reduction in depreciation/amortisation cost;
- iv) Foreign exchange losses; and
- v) Absence of significant government support through JobKeeper and other programs.

Cash Flow

During the period, DTI generated negative cash flow from operations of \$0.25 million (PCP: negative \$0.18 million) for the half year. Net cash inflow for the half year was \$1.4 million (PCP: outflow \$0.36 million). Key contributions to the net cash flow included:

- i) Completion of a \$2.09 million entitlement offer during October (gross of \$1 million funds loaned in advance by the underwriter as per note 6 to the financial statements);
- ii) Repayment of borrowings of \$0.31 million; and
- iii) Additional backing (restricted cash deposits) for commercial bank guarantees on current contracts \$0.38 million.

Financial Position

As at the end of the half year, DTI maintained positive cash reserves of \$2.18 million and \$5.54 million in working capital (current assets of \$11.68 million, current liabilities \$6.14 million), no term debt and net assets of \$7.1 million.

Review of principal business

In accordance with our ongoing commitment to delivering world class surveillance and passenger information systems to our clients, DTI focussed on ensuring on time and on budget delivery of our existing and new contracts, whilst managing costs carefully, throughout the half year.

- DTI successfully completed the delivery of 48 trainsets of passenger information displays for Alstom Ubunye in South Africa and accepted a purchase order for the next 40 trainsets to be delivered this calendar year.
- DTI accepted an order from Siemens for the remainder of the San Francisco light rail vehicle expansion project to be delivered over the next three years comprised of CCTV systems for 151 new trams.
- In Australia DTI completed the upgrade of the CCTV and passenger information system on 28 Comeng units bringing the total number of units upgraded to 54 out of a total of 58.

There are over 33,000 public transport and tourist buses operating in Australia with approximately 5% of the fleet, or 1650, new vehicles purchased each year. DTI's current market share of new vehicle installations is 10% with the largest opportunities for improved market penetration in NSW and Victoria. To increase our market share DTI identified a gap in the bus market and based on the results of our research and customer engagement, developed a new mobile data recorder and analytics platform to provide real time operator KPI measurement. This has resulted in DTI securing new contracts to supply our digital CCTV system to new bus builds in Australia and San Francisco. This system is also undergoing trials with additional existing customers looking to upgrade their legacy analogue CCTV systems to digital. DTI has recruited a new general manager of sales in NSW who is focussed on engaging the Australian East Coast bus market.

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 proactively promoting our maintenance and support services, and the annual licensing of our industry leading software solutions to new and existing customers, resulting in increased customer satisfaction and engagement, delivering additional recurring revenue. DTI has also invested in the ongoing development of analytics on the video data captured by our system to provide meaningful insights to our customers, such as real time passenger counting, forward facing camera object detection and our patented pantograph overhead power monitoring solution.

Strategy and Outlook

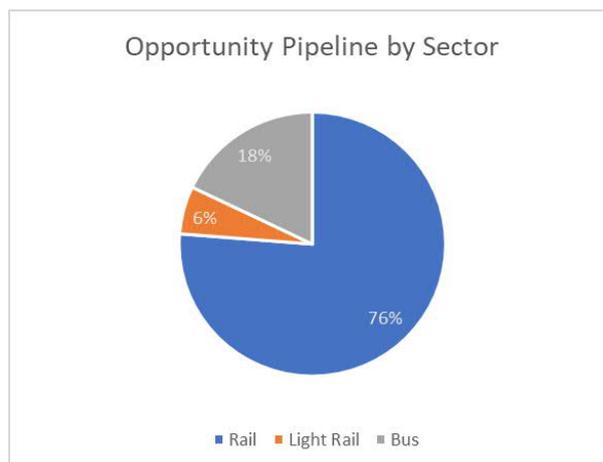
DTI is focussed on the development of surveillance, communication and passenger information and analytics products and solutions for the mass transit industry, targeting the rail, light rail and bus verticals. New bus-focussed products and services have been commercialised and are yielding customer orders.

DTI has a level of contracted revenue that will underpin revenue for the balance of FY22 as well as a number of multi-year contracts underpinning 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 start to accelerate as countries ease restrictions.

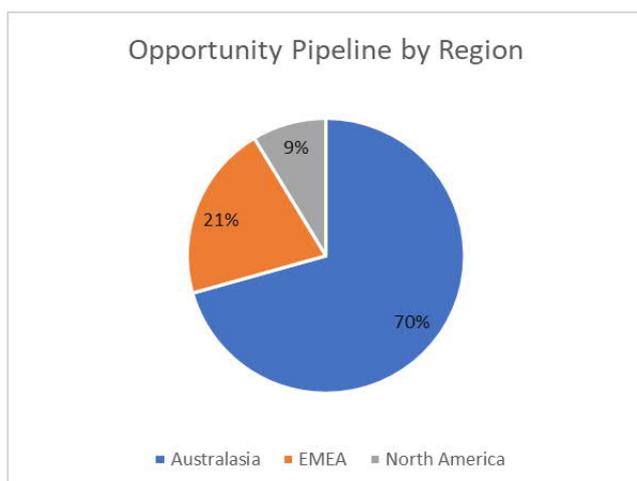
Strategy and Outlook (cont'd)

DTI has an identified opportunity pipeline of over \$250 million which relates to work that is expected to be awarded over the next five years, including approximately \$34 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. Based on the historical conversion rate of opportunities this 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.

The opportunity pipeline shows a strong bias to the rail sector, as set out in Chart 1, with approximately 76 per cent of identified opportunities in this sector. This is largely attributable to the high value and number of devices deployed on a rail passenger information system project. Opportunities in the rail market have long lead times and long durations resulting in the pipeline being weighted to this market as they will take longer to realise.



The bus market has a high growth potential especially in markets with low emission strategies and where real time passenger communication is valued. The lead time in the bus market is measured in weeks which means that there is a fast turnaround from opportunity identification to order placement. To date DTI's revenue in the bus market has primarily been for surveillance systems, however there is huge potential to upsell value added services to existing and new customers. These services include passenger counting, passenger information, end destination displays, hearing aid loops and analytics. Many governments are now including these services as part of their mandatory requirements for new builds. DTI's new data recorder is also able to operate these additional services meaning the cost to the operators is reduced by not having multiple system controllers. DTI is in discussion with electric bus manufacturers to integrate our systems into their platforms and provide additional analytics to improve the performance of the vehicles against the planned routes.



DTI operates globally and our strategy outside of Australia is to utilise local resellers and system integrators.

Approximately 70 per cent of DTI's opportunity pipeline is sourced from Australasia with significant new projects in Queensland (both rail and bus initiatives), New South Wales (extension of rail networks) and Victoria (Next Generation Trams initiative). DTI is actively engaging the OEMs of these projects to provide CCTV and passenger information systems.

DTI has a strong integrator network in EMEA and is currently investigating potential integrators in North America to increase the opportunity pipeline in this region. DTI is also engaging the operators of our 9,000 surveillance system installed on bus fleets in America to offer upgrades of their legacy analogue systems to our latest digital platform which delivers superior quality video footage.

Global supply chain challenges

Global supply-chain shortages and impacts are affecting the business, specifically in the availability and cost of semi-conductors which is a key component of the hardware products. This issue is affecting all industries utilising semi-conductors in their products. Based on our research it is expected that supply chain constraints will begin to ease towards the end of 2022.

DTI has been proactive in mitigating the impact of these challenges by pre-purchasing critical components to fulfil the forward orders and ordering surplus of key products such as our mobile video recorders to enable the rapid fulfilment of future orders.

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 21 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

28 February 2022

Melbourne, Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Sales revenue	2	9,883,533	12,166,066
Cost of goods sold		(6,655,476)	(9,883,444)
Onerous contract allowance		(194,553)	(731,816)
Gross margin		3,033,504	1,550,806
Operational overheads		(1,494,449)	(985,307)
Other income		4,090	583,168
Other expenses	3	(250,361)	(130,627)
Corporate overheads		(1,224,659)	(1,085,755)
Depreciation/amortisation		(111,140)	(130,359)
Interest expense		(46,560)	(10,248)
Net loss before tax		(89,575)	(208,322)
Tax expense / (benefit)		-	(2,277)
Net loss after tax		(89,575)	(210,599)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
Exchange differences		(42,666)	208,391
Total other comprehensive income/(loss)		(132,241)	208,391
Total comprehensive loss for the period		(132,241)	(2,208)
Total comprehensive loss is attributable to:			
Owners of DTI Group Ltd		(132,241)	(2,208)
Loss per share for loss attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)		(0.02)	(0.06)
Diluted loss per share (cents per share)		(0.02)	(0.06)

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 2021

	Note	31 Dec 2021 \$	30 June 2021 \$
Current assets			
Cash and cash equivalents		2,179,679	765,789
Trade and other receivables	4	5,090,675	3,043,896
Contract assets		937,061	1,301,445
Inventories		3,219,620	3,604,373
Other current assets		255,175	438,633
Total current assets		11,682,210	9,154,136
Non-current assets			
Other receivables	4	505,042	380,041
Property, plant and equipment		330,636	386,690
Intangible assets	5	750,139	606,256
Contract assets		-	185,672
Right of use asset		209,213	157,244
Total non-current assets		1,795,030	1,715,903
Total assets		13,477,240	10,870,039
Current liabilities			
Trade and other payables		3,604,150	2,601,263
Contract liabilities		1,354,339	623,080
Borrowings		-	56,283
Lease liability		114,302	277,537
Provisions		1,068,713	1,990,229
Total current liabilities		6,141,504	5,548,392
Non-current liabilities			
Provisions		17,143	111,247
Lease liability		194,170	-
Total non-current liabilities		211,313	111,247
Total liabilities		6,352,817	5,659,639
Net assets		7,124,423	5,210,400
Equity			
Contributed equity	6	35,931,377	33,885,113
Reserves		126,465	169,131
Accumulated losses		(28,933,419)	(28,843,844)
Total equity		7,124,423	5,210,400

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 2021

	Contributed Equity \$	Employee Share Plan Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
At 1 July 2021	33,885,113	478,968	(309,837)	(28,843,844)	5,210,400
Loss for the period	-	-	-	(89,575)	(89,575)
Other comprehensive income	-	-	(42,666)	-	(42,666)
Total comprehensive income/(loss) for the period	-	-	(42,666)	(89,575)	(132,241)
Transactions with owners in their capacity as owners					
Shares issued to employees	36,400	-	-	-	36,400
Issue of share capital	1,260,872	-	-	-	1,260,872
Shares issued to extinguish loan	748,992	-	-	-	748,992
At 31 December 2021	35,931,377	478,968	(352,503)	(28,933,419)	7,124,423
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 loss	-	-	208,391	-	208,391
Total comprehensive 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

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 2021

	31 Dec 2021	31 Dec 2020
	\$	\$
Cash flows used in operating activities		
Receipts from customers	10,029,876	10,266,125
Payments to suppliers and employees	(10,253,056)	(10,436,435)
Interest received	155	2,161
Interest paid	(23,031)	(12,410)
Tax paid	-	(2,277)
Net cash outflow used in operating activities	(246,056)	(182,836)
Cash flows used in investing activities		
Payments for plant and equipment	(1,332)	(20,438)
Proceeds from sale of plant and equipment	4,090	-
Payments for intangible assets	(186,634)	(405,554)
Net cash outflow used in investing activities	(183,876)	(425,992)
Cash flows from financing activities		
Proceeds from issues of shares	1,260,872	-
Repayment of principle portion of lease liabilities	(47,168)	(49,656)
Proceeds from borrowings	1,000,000	-
Repayment of borrowings	(307,291)	(85,625)
Cash deposit released/(utilised) for banking facility	(125,001)	380,041
Net cash inflow from financing activities	1,781,412	244,760
Net increase / (decrease) in cash and cash equivalents	1,351,480	(364,068)
Cash and cash equivalents at the beginning of the period	765,789	2,701,353
Effect of foreign exchange on opening balances	62,410	(68,230)
Cash and cash equivalents at the end of the period	2,179,679	2,269,055

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 2021 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 2021 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 2021		31 Dec 2020	
	\$		\$	
Sales revenue	9,883,533		12,166,066	
Onerous contract allowance	(194,553)		(731,816)	
Cost of goods sold	(6,655,476)		(9,883,444)	
Gross Margin	3,033,504		1,550,806	
Gross Margin %	31%		13%	
Other income	4,090		583,168	
Other expense	(80,634)			
Foreign exchange loss	(169,727)		(130,627)	
Operational overheads	(1,494,449)	(985,307)		
Corporate and other overheads	(1,224,659)	(2,719,108)	(1,085,755)	(2,071,062)
EBITDA	68,125		(67,715)	
Depreciation/amortisation	(111,140)		(130,359)	
EBIT	(43,015)		(198,074)	
Net Interest and finance loss	(46,560)		(10,248)	
Net loss before tax	(89,575)		(208,322)	
Tax benefit			(2,277)	
Net loss after tax	(89,575)		(210,599)	

Note 2: Segment information (cont'd)

Segment Assets and Liabilities	31 Dec 2021	30 June 2021
	\$	\$
Total Assets & Liabilities		
Consolidated total assets	13,477,240	10,870,039
Consolidated total liabilities	6,352,817	5,659,639
Geographical Assets		
Australia	11,108,176	9,371,499
Others	2,369,064	1,498,540
	13,477,240	10,870,039
Geographical Liabilities		
Australia	5,475,720	5,184,516
Others	877,097	475,123
	6,352,817	5,659,639

Major customers

During the reporting period, three (Dec 2020: four) major customers accounted for more than 66 per cent (Dec 2020: 77 per cent) of the Group's revenue.

Note 3: Impairment costs and other expenses

	31 Dec 2021	31 Dec 2020
	\$	\$
Other Expenses		
Foreign exchange loss	169,727	130,627
Other	80,634	-
	250,361	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 2021	30 Jun 2021
	\$	\$
Current		
Trade receivables (net of impairment)	4,529,125	2,854,179
Other debtors	131,508	19,717
Other receivables – cash deposit held for a bank guarantee	380,042	125,000
Other receivables – cash deposit	50,000	45,000
	5,090,675	3,043,896

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

	31 Dec 2021	30 Jun 2021
	\$	\$
Non - Current		
Other receivables – cash deposit	505,042	380,041

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 2021 current trade receivables of the Group with a value of \$29,184 were impaired.

Note 5: Intangible assets

	Development Costs	Patents	Total
	\$	\$	\$
At 31 December 2021			
Cost (gross carrying amount)	529,307	536,326	1,065,633
Accumulated amortisation	(33,358)	(282,136)	(315,494)
Net carrying amount	495,949	254,190	750,139
Movements in carrying amounts			
Balance at 1 July 2021	347,235	259,021	606,256
Additions	166,027	16,463	182,490
Amortisation expense (net)	(17,313)	(21,294)	(38,607)
Net carrying amount	495,949	254,190	750,139
At 30 June 2021			
Cost (gross carrying amount)	363,281	704,904	1,068,185
Accumulated amortisation	(16,046)	(445,883)	(461,929)
Net carrying amount	347,235	259,021	606,256
Movements in carrying amounts			
Balance at 1 July 2020	116,502	231,574	348,076
Additions	246,779	92,567	339,346
Amortisation expense	(16,046)	(65,120)	(81,166)
Net carrying amount	347,235	259,021	606,256

(a) Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. The net development costs have 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. The Group's assessment did not identify any indicators of impairment and consequently it was determined that no impairment testing was required at period end.

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. The Group's assessment did not identify any indicators of impairment and consequently it was determined that no impairment testing was required at period end.

Note 6: Contributed equity

	31 Dec 2021 No.	31 Dec 2021 \$	30 Jun 2021 No.	30 Jun 2021 \$
Ordinary shares				
Balance at the beginning of financial period	333,422,585	33,885,113	333,382,585	33,885,113
Issued of share capital – rights issue	70,048,460	1,260,872	–	–
Shares issued to extinguish loan ¹	41,610,621	748,992	–	–
Shares issued to CEO - long term incentive ²	1,915,773	36,400		
Shares exercised under employee share plan	-	-	40,000	–
Balance at the end of the financial period*	<u>446,997,439</u>	<u>35,931,377</u>	<u>333,422,585</u>	<u>33,885,113</u>

¹During the period the Group received a loan from the underwriter of the rights issue occurring during the current period, totaling \$1,000,000. The repayment terms of the loan were cash repayments of \$251,009, with the remainder settled via subscription for 41,610,621 shares as part of the rights issue, at \$0.018 per share. Interest of the loan prior to settlement accrued at 8% per annum.

²During the current period, 1,915,773 shares were issued to the Chief Executive under the pre-existing Long Term Incentive (LTI) arrangement, with a resulting expense of \$36,400 recognised in the statement of profit or loss and other comprehensive income.

*Balance excludes 1,553,975 Treasury Share held in trust for the DTI Employee Share Plan ('DESP').

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. For the half-year the Group reported \$5.54 million of working capital, an after-tax loss of \$0.09 million (Dec 2020: \$0.21 million loss) and an operating cash outflows of \$0.25 million (Dec 2020: outflow \$0.18 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:

- Ongoing development of market segments.
- Effective working capital management; and
- Continuation of business improvement.

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 banks require 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 2021, the utilisation of the facility remains at \$935,084, 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.

Note 11: Related party transactions

With the exception of the below, there have been no changes to the related party transactions disclosed at 30 June 2021 during the current period.

During the current period, 1,915,773 shares were issued to the Chief Executive Officer under the pre-existing Long Term Incentive (LTI) arrangement, with a resulting expense of \$36,400 recognised in the statement of profit or loss and other comprehensive income.

Directors' Declaration

In the opinion of the directors of the Company:

- (a) The financial statements and notes as set out on pages 9 to 17 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 2021 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

28 February 2022
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 2021, 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 2021 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 Group's financial position as at 31 December 2021 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



Phillip Murdoch

Director

Perth, 28 February 2022

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 2021, 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, 28 February 2022

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 Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth, WA 6000	
Share Registrar	Computershare Investor Services Pty Limited Yarra Falls 452 Johnston Street Abbotsford Vic 3067	
Banker	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)	