

**DWS Limited
ACN 085 656 088**

Company Announcement

Half Year Financial Results to 31 December 2016

DWS Limited (DWS) announces the following results and highlights for the half year ended 31 December 2016.

- **First half revenue of \$73.74M (up \$5.57M or 8% on pcg).**
- **First half underlying EBITDA of \$13.65M (up \$1.57M or 13% on pcg).**
- **First half NPAT of \$9.07M (up \$1.47M or 19% on pcg).**
- **First half operating cash flow (before interest and tax) of \$14.61M, which is 107% of EBITDA.**
- **Interim fully franked dividend of 5.0 cents per ordinary share declared (3.75 cents per share pcg):**
 - **Record Date** **16 March 2017**
 - **Expected Payment Date** **4 April 2017**

DWS has recorded a strong performance in the first half of 2017 with good organic growth in revenue, EBITDA and NPAT.

Having integrated the Phoenix Contractor model into the DWS operating model, DWS now offers greater flexibility in resourcing solutions for its customers as well as an ever growing portfolio of services. Demand for Symplicit's digital and customer led innovation service offering continues to grow and provides additional opportunities for other DWS services. The strong financial position of the DWS Group has led to a further reduction in bank debt as well as maintaining a 5.0 cent fully franked dividend for shareholders. With the acquisition of Phoenix and Symplicit complete and a strong financial position, DWS will continue to look for earnings accretive acquisitions to supplement current service offerings.

Danny Wallis, CEO and Managing Director of DWS Limited commented on the result saying:

"The strong organic growth achieved by DWS in the first half demonstrates the success of DWS's breadth and depth strategy and the successful integration of the Phoenix and Symplicit acquisitions. DWS's digital and customer led innovation service offering led by Symplicit continues to perform well and to be highly sought after by our clients. We look forward to supporting our clients in 2017 and growing the DWS business through continued organic growth and appropriate earnings accretive acquisitions."

For further information, contact:

Danny Wallis (CEO and Managing Director)

or

Stuart Whipp (CFO)

Phone (03) 9650 9777

About DWS

DWS Limited (DWS) is a professional services company which provides information technology consulting services to large corporate entities and Australian Government agencies. DWS listed on the Australian Securities Exchange on 15th June 2006. ASX code 'DWS'. DWS currently employs over 600 staff and contractors and has offices in Melbourne, Sydney, Brisbane, Adelaide, Canberra, Coolangatta and Perth. More information can be obtained at our website <http://www.dws.com.au>, or by contacting our head office in Melbourne on (03) 9650 9777.

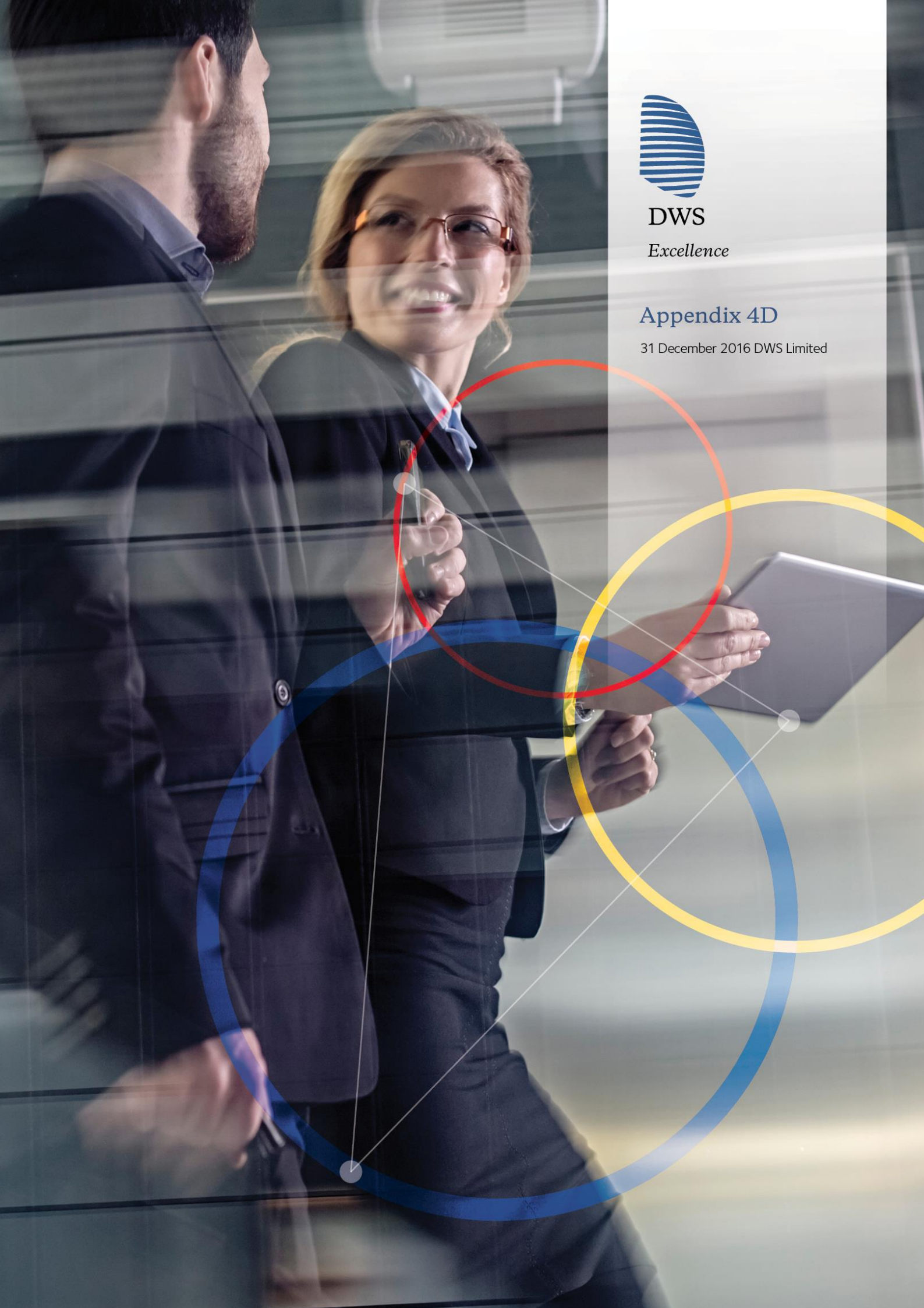


DWS

Excellence

Appendix 4D

31 December 2016 DWS Limited



DWS Limited

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The consolidated half year financial report does not include all of the information required for a full annual report and should be read in conjunction with the consolidated annual financial report of the consolidated entity (DWS) for the year ended 30 June 2016 and any public announcements made by DWS during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DWS Limited
Appendix 4D and Interim Financial Report
For six months ended 31 December 2016

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Dec-16	Dec-15		Change	
	\$'000	\$'000		\$'000	% Change
Revenue from continuing operations	73,739	68,173	up	5,566	8%
Total comprehensive income for the half year	9,065	7,597	up	1,468	19%

Dividends (distributions)	Amount per security	Franked amount per security	Record Date for dividend entitlement
Dividend Declared during the half financial year	5.00 cents	100%	4 September 2016
Dividend Declared subsequent to half financial year end	5.00 cents	100%	16 March 2017

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(2.40) cents	(1.08) cents
Earnings per Share	6.88 cents	5.76 cents

The commentary on the results for the period is contained in both the Half Yearly Financial Results announcement and the review of operations in the Directors' Report accompanying the Interim Half Year Report dated 13 February 2017.

DIRECTORS' REPORT

The Directors present their report together with the half year consolidated financial report of the consolidated entity consisting of DWS Limited (the Company) and its controlled entities for the half year ended 31 December 2016 and the auditor's review report thereon.

The consolidated half year financial report does not include all of the information required for a full annual report and should be read in conjunction with the consolidated annual financial report of the consolidated entity for the year ended 30 June 2016 and any public announcements made by the consolidated entity during the half year reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Directors

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

Name

Period of Directorship

Non-Executive Directors

Martin Ralston (Chairperson)	Director since November 2008
Ken Barry	Director since May 2006
Gary Ebeyan	Director since November 2010
Hayden Kelly	Director since November 2015
Selina Lightfoot	Director since December 2016

Executive Directors

Danny Wallis	Director since May 2006
Jodie Moule	Director since November 2015

Directors' Report Cont' Review of Operations

The following table summarises the consolidated entity's financial performance for the half year ended 31 December 2016:

	Dec 2016 \$'000	Dec 2015 \$'000	Change \$'000	Change %
Revenue from continuing operations	73,739	68,173	5,566	8%
Other income (excluding interest)	20	31	(11)	(36%)
Employee benefits expense	(57,426)	(53,402)	(4,024)	(8%)
Selling, general and admin expense	(2,681)	(2,720)	39	1%
EBITDA from continuing operations	13,652	12,082	1,570	13%
One-off acquisition costs	-	(343)	343	(100%)
Impairment expense	-	-	-	0%
EBITDA	13,652	11,739	1,913	16%
Depreciation and amortisation	(190)	(215)	25	11%
Capitalised product development	38	38	-	0%
Net interest (expense)/ income	(368)	(428)	60	(14%)
Net profit before tax	13,132	11,134	1,998	18%
Income tax expense	(4,067)	(3,422)	(645)	(19%)
Net Profit After Tax	9,065	7,712	1,353	18%
Outside equity interest	-	(115)	115	(100%)
Net Profit After Tax attributable to DWS Holders	9,065	7,597	1,468	19%

DWS recorded a strong first-half result with underlying EBITDA of \$13.65M, which was \$1.57M or 13% up on pc. Key drivers of the result were as follows:

- Continued industry leading utilisation across all states;
- Growth in revenue greater than growth in costs (as a result of good cost management); and
- Strong contribution from digital and customer led engagements performed by Symplicit.

DWS' balance sheet had gross bank debt of \$22.00M and cash reserves of \$9.52M as at the end of the reporting period. The Board has declared a 5.0 cent fully franked interim dividend.

Directors' Report Cont'

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

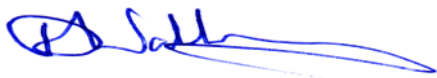
The lead auditor's independence declaration is set out on page 14 and forms part of the Directors' Report for the half year ended 31 December 2016.

Rounding Off

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

Dated at Sydney 13 February 2017

Signed in accordance with a resolution of the Directors.

A handwritten signature in blue ink, appearing to read 'D Wallis', with a long horizontal flourish extending to the right.

Danny Wallis
Chief Executive Officer and Managing Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2016

		Consolidated	
	Notes	31 Dec 2016	31 Dec 2015
		\$'000	\$'000
Revenue from continuing operations	2	73,739	68,173
Other income	2	98	77
Employee benefit expense		(57,426)	(53,402)
Depreciation and amortisation expense		(190)	(215)
Other expenses		(3,089)	(3,499)
Impairment expense		-	0
Profit before tax		13,132	11,134
Income tax expense	4	(4,067)	(3,422)
Profit from continuing operations		9,065	7,712
Profit for the half year		9,065	7,712
Outside equity interest in net profit		-	(115)
Other comprehensive income		-	-
Total comprehensive income attributable to DWS holders		9,065	7,597
Earnings per Share			
Basic earnings per share	5	\$ 0.069	\$ 0.058
Diluted earnings per share	5	\$ 0.069	\$ 0.058

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the half year financial report set out on pages 9-12.

Consolidated Statement of Financial Position

For the half year ended 31 December 2016

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	9,519	10,164
Trade and other receivables	24,303	29,078
Other	2,359	2,021
Total Current Assets	36,181	41,263
Non-Current Assets		
Property, plant and equipment	2,308	2,368
Deferred tax assets	2,789	2,791
Intangible assets	68,047	68,055
Total Non-Current Assets	73,144	73,214
Total Assets	109,325	114,477
Current Liabilities		
Trade and other payables	7,437	9,196
Current tax liabilities	726	2,138
Short term provisions	6,093	5,926
Interest bearing liability	1,000	3,000
Other	1,681	3,410
Total Current Liabilities	16,937	23,670
Non-Current Liabilities		
Interest bearing liability	21,000	21,000
Long term provisions	3,710	4,603
Total Non-Current Liabilities	24,710	25,603
Total Liabilities	41,647	49,273
Net Assets	67,678	65,204
Equity		
Issued Capital	34,187	34,187
Retained Earnings	33,491	31,017
Total Equity attributable to DWS Holders	67,678	65,204
Outside Equity Interest	-	-
Total Equity	67,678	65,204

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the half year financial report set out on pages 9-12.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2016

	Share Capital	Retained Earnings	Non Controlling Interest	Total Equity
	\$'000	\$'000		\$'000
Balance at 1 July 2016	34,187	31,017	-	65,204
Dividends paid	-	(6,591)	-	(6,591)
Share buy-back	-	-	-	-
Non-controlling interest on acquisition of subsidiary	-	-	-	-
Total transactions with owners	-	(6,591)	-	(6,591)
Profit for the year attributable to DWS holders	-	9,065	-	9,065
Other comprehensive income	-	-	-	-
Balance at 31 December 2016	34,187	33,491	-	67,678
Balance at 1 July 2015	34,187	25,433	-	59,620
Dividends paid	-	(4,943)	-	(4,943)
Share buy-back	-	-	-	-
Non-controlling interest on acquisition of subsidiary	-	-	282	282
Total transactions with owners	-	(4,943)	282	(4,661)
Profit for the year attributable to DWS holders	-	7,597	115	7,712
Other comprehensive income	-	-	-	-
Balance at 31 December 2015	34,187	28,087	397	62,671
Number of Shares on Issue			31 Dec 2016	31 Dec 2015
			No.	No.
Fully paid ordinary shares with no par value			131,831,328	131,831,328

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the half year financial report set out on pages 9-12.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2016

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Cash Flows from operating activities		
Cash receipts from customers	89,897	78,474
Cash payments to suppliers and employees	(75,292)	(68,584)
Income taxes paid	(5,814)	(3,994)
Interest received	78	46
Net cash provided by operating activities	8,869	5,942
Cash flows from investing activities		
Payment for acquisitions	(800)	(17,738)
Payments for plant and equipment	(85)	(103)
Payments for intangible assets	(38)	(38)
Net cash (used in) investing activities	(923)	(17,879)
Cash flows from financing activities		
External loan drawn/(repaid)	(2,000)	13,500
Dividends paid	(6,591)	(4,943)
Net cash (used in) financing activities	(8,591)	8,557
Net (decrease) / increase in cash and cash equivalents held	(645)	(3,380)
Cash at the beginning of the reporting period	10,164	10,371
Cash at the end of the reporting period	9,519	6,991

The Consolidated Statement of Cash flows is to be read in conjunction with the notes to the half year financial report set out on pages 9-12.

NOTES TO THE HALF YEAR FINANCIAL REPORT

For the half year ended 31 December 2016

Note 1 Significant Accounting Policies

Reporting Entity

DWS Limited (the Company) and its controlled entities are companies domiciled in Australia. The consolidated half year financial report of the Company as at and for the half year ended 31 December 2016 comprises the Company and its controlled entities (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2016 is available to shareholders upon request from the Company's registered office at Level 4, 500 Collins Street, Melbourne or at www.dws.com.au.

Statement of Compliance

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

The consolidated half year financial report does not include all of the information required for a full annual report and should be read in conjunction with the consolidated annual financial report of the consolidated entity for the year ended 30 June 2016 and any public announcements made by the consolidated entity during the half year reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules.

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

The consolidated half year financial report was approved by the Board of Directors on 13 February 2017.

Significant Accounting Policies

The accounting policies applied by the consolidated entity in the consolidated half year financial report are the same as those applied by the consolidated entity in its consolidated financial report for the year ended 30 June 2016.

Estimates

The preparation of the half year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The key estimation policies were the same as those applied to the consolidated financial report as at and for the year ended 30 June 2016.

Notes to the half year financial report Cont'

Note 2 Revenue

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Revenue from continuing operations		
Services revenue	73,739	68,173
Total revenue from continuing operations	73,739	68,173
Other income		
Interest received	78	46
Other	20	31
Total other income	98	77

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

Note 3 Segment Reporting

Operating Segments

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

Notes to the half year financial report Cont'

Note 4 Income Tax

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
The components of income tax expense		
Current tax payable	4,065	2,888
Deferred tax asset write off	44	-
Reduction in prior year income tax expense	-	(21)
Deferred tax expense	(42)	555
	4,067	3,422
Profit before income tax		
<i>Prima facie tax on profit from ordinary activities before income tax at 30% (2015 30%)</i>	3,940	3,340
Increase in income tax expense due to:		
Non-deductible entertainment	75	88
Deferred tax asset write off	44	-
Other items	8	(6)
Income tax expense/(benefit)	4,067	3,422

Note 5 Earnings Per Share

	Consolidated	
	31 Dec 2016	31 Dec 2015
Earnings used in calculation of basic and dilutive EPS	\$ 9,065,255	\$ 7,596,804
Adjusted weighted average number of ordinary shares used in calculating basic earnings per share	131,831,328	131,831,328
Number for diluted earnings per share		
Ordinary shares	131,831,328	131,831,328
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	131,831,328	131,831,328
Basic earnings per share	\$0.069	\$0.058
Diluted earnings per share	\$0.069	\$0.058
Ordinary Shares		
Shares on issue start of period	131,831,328	131,831,328
Share buy-backs	-	-
Share based payments	-	-
Total Shares on issue at end of period	131,831,328	131,831,328

Notes to the half year financial report Cont'

Note 6 Subsequent Events

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

	Amount Per Share	Franked Amount Per Share	Expected Payment Date
Interim - Ordinary	5.0 cents	5.0 cents	4 April 2017

Note 7 Contingencies

Bank guarantees to the value of \$989,620 remain in place and are provided as a security for the performance of rental property covenants. The bank guarantees are secured by a Standard Authority to Appropriate and Set-Off Term Deposits to the equivalent guarantee value or are drawn down under a bank guarantee facility.

Note 8 Dividends

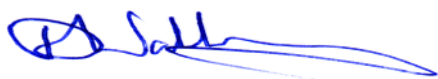
During the reporting period, the Company made the following dividend payments:

	Half-year ended 31-Dec-16		Half-year ended 31-Dec-15	
	Amount per share	Total \$'000	Amount per share	Total \$'000
Ordinary shares				
Final dividend	5.00 cents	6,591	3.75 cents	4,943

DIRECTORS' DECLARATION

1. In the opinion of the Directors of DWS Limited:
 - (a) the financial statements and notes, set out on pages 5 to 12 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date;
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001: and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in blue ink, appearing to read "D Wallis".

Danny Wallis
Chief Executive Officer and Managing Director

Signed at Sydney 13 February 2017

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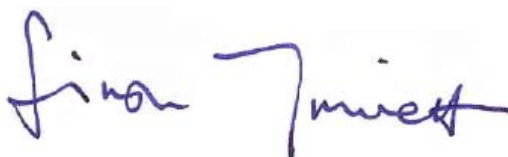
Auditor's Independence Declaration To The Directors of DWS Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of DWS Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S.C. Trivett
Partner - Audit & Assurance

Melbourne, 13 February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DWS LIMITED

We have reviewed the accompanying half-year financial report of DWS Limited (the Company), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The Directors of DWS Limited 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 controls 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

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the DWS Limited consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DWS Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

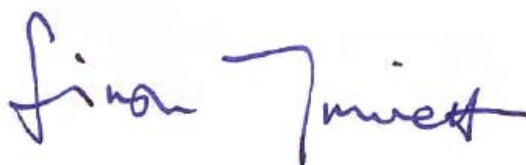
Conclusion

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



S. C. Trivett
Partner – Audit & Assurance

Melbourne, 13 February 2017