



ASX announcement

15 November 2017

Inventory Management and Balance Sheet Review

DTI Group Ltd (DTI) has recently completed development of a range of new recorder and passenger information system (PIS) products for the global transit industry. During FY17 DTI invested in excess of \$7 million in developing these products.

Following completion of the product development phase, DTI has undertaken a comprehensive review of its balance sheet with a focus on asset recoverability and valuation. As a result of this review, DTI has identified a total impairment of \$3.1 million, as set out below:

\$'000s	Inventory	Receivables	Intangibles	PPE	Total
Obsolete stock (net or provision)	(2,080)				(2,080)
Inventory reclassified	(83)			83	-
Impairment of receivables		(453)			(453)
Impairment of intangibles			(572)		(572)
TOTAL	(2,163)	(453)	(572)	83	(3,105)

The identified impairments are attributed to:

- i) Obsolete stock associated with components and spares held for legacy products;
- ii) Slow moving stock held in support of maintenance and support agreements which does not have a commercially realisable value;
- iii) Products returned for repair where the repair costs are uneconomic compared to value of the product;
- iv) Accelerated obsolescence of existing products attributed to future replacement by DTI's new product range;
- v) Items reported as inventory that have been reclassified as property, plant & equipment;
- vi) Impairment associated with obsolescence of intangibles assets (historical research & development projects); and
- vii) Impairment of aged debtors where future recoverability is uncertain.

Further to this review, DTI has identified a number of improvements to inventory management and classification that will be progressively implemented to ensure stronger controls over inventory levels, valuation and classification in order to meet future growth demands.



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The impairment will be reflected in the Company's 1H FY18 results.

For further information please contact Peter Tazewell, Chief Executive Officer on +61 8 9273 2905 or email peter.tazewell@dti.com.au

About DTI Group

DTI Group Ltd (ASX: DTI) provides sophisticated surveillance systems, solutions and services to the mobile security industry worldwide. DTI's clients are transit agencies, transit operators, freight operators, law enforcement authorities and taxi organisations which utilise a range of professional products and services that encompass on-board recording equipment, fleet management systems, back-end mass storage and retrieval facilities and end-to-end managed services. Sales and project delivery is undertaken both by DTI directly and through its global partners' network.

DTI is a recognised supplier to the mass transit surveillance market. Core technology development and system design activities are undertaken from the Company's headquarters in Perth Australia.