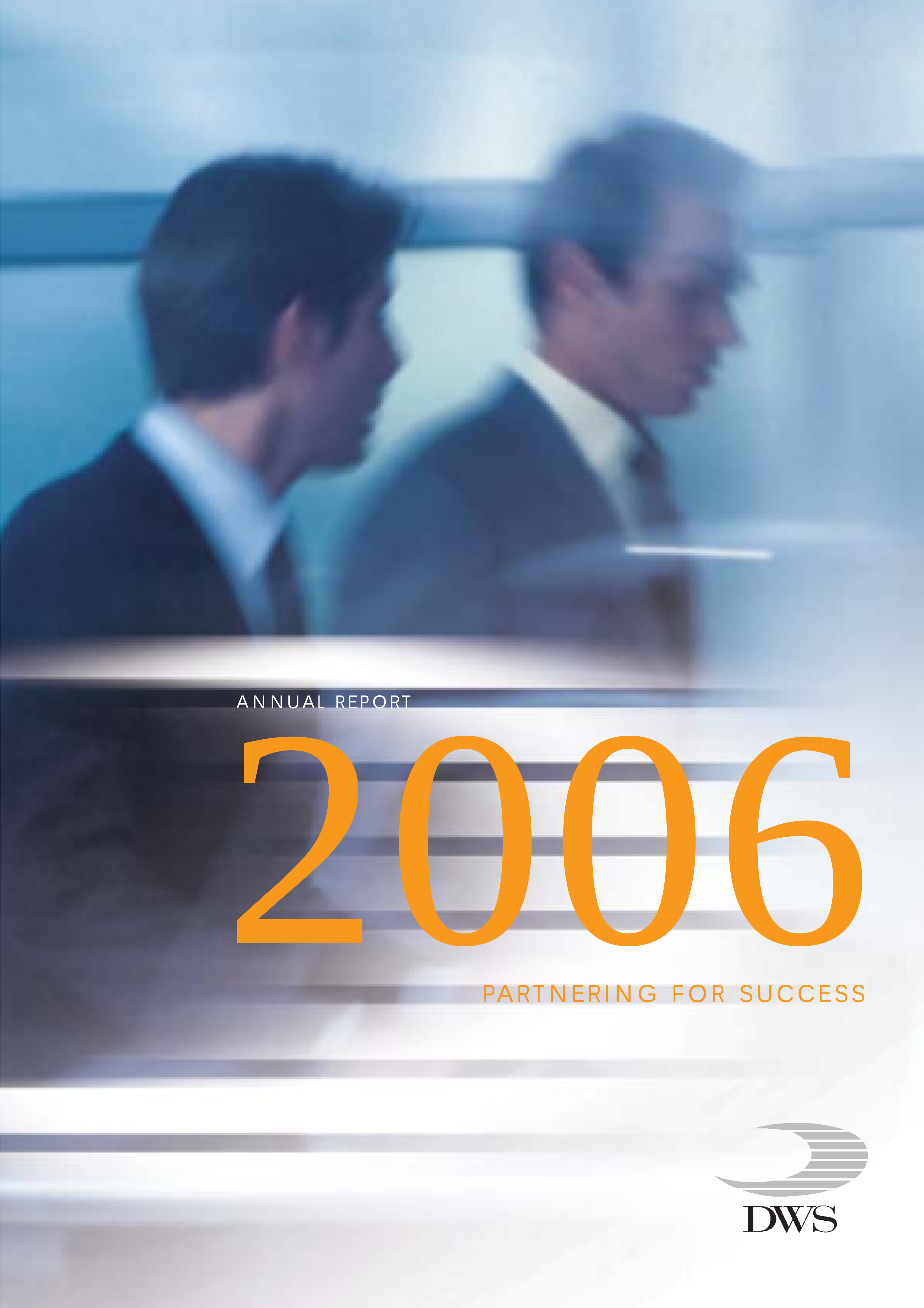


ANNUAL REPORT

2006

PARTNERING FOR SUCCESS

DWS

CONTENTS

Performance at a Glance

Key Performance Indicators	June 2005 $'000	June 2006 $'000	Percentage Change
Revenue	35,148	45,464	+ 29%
EBITDA (before share based payments)	12,887	13,567	+ 5%
Cash	5,674	9,588	+ 71%
Receivables	8,272	12,824	+ 29%
Borrowings	Nil	Nil	Nil

ABOUT THE COMPANY

DWS Advanced Business Solutions Limited through its controlled entities (collectively DWS or the Company) provides Information Technology (IT) services to a number of S&P/ASX 50 corporations and government bodies. Established in 1992 with three employees, DWS has grown to in excess of 350 staff with offices in Melbourne and Sydney.

The overriding philosophy at DWS is one of honesty, integrity, ethical behaviour and transparency. The culture ensures each interaction with clients, suppliers and employees is based on this philosophy therefore providing a strong foundation for future growth.

DWS has a sound market reputation for the provision of high-end technical solutions including:

- custom software development for micro to mid-range platforms;
- maintenance and customisation of large, enterprise resource and core business applications;
- designing, developing, implementing and maintaining data warehousing, reporting and business intelligence systems; and
- integration, enterprise architecture and a multitude of business-to-business solutions.

Danny Wallis founded DWS on the premise that the Company could provide clients with a superior service to that of its competitors at the time. Leveraging from this original premise, DWS' model and highly skilled professional staff have built the Company into a successful provider of IT services over its 14 year history. This focused approach has been aided substantially by the execution of well structured and disciplined corporate objectives to facilitate controlled, sustainable growth.

The DWS business model is client centric and quality focused, supported by attracting, recruiting, and managing high quality IT professionals utilising a systematic approach to delivery. On engagements undertaken, DWS aims to develop long-term, mutually beneficial relationships with clients, and strives to exceed expectations. It is this intense client focus that has led to the Company's ability to build client partnerships that have stood the test of time.

DWS targets a range of clients in a variety of industries not only to provide an exciting and dynamic environment for staff, but also to diversify the spread of clients – enabling significant and ongoing risk mitigation from both industry specific downturns and client ascendancy.

DWS' primary product is the provision of high quality business solutions using highly skilled people. Since inception DWS has focused on attracting and retaining highly skilled staff who have excellent technical skills and are a sound cultural fit with the Company's dynamic and exciting environment. DWS has a team dedicated to hiring new employees and managing the Company's rigorous three stage candidate selection process, which uses qualitative and quantitative tools to ensure DWS employs staff who meet its high standards.

DWS' management recognise staff retention as a vital element to the Company's success requiring a dedicated team of HR specialists. With this in mind, DWS devotes significant energy to maintaining overall employee satisfaction at high levels and ensuring each team member's ambitions are addressed wherever possible.

Through the use of enabling technologies and the DWS quality system – 'SpinnakerOne™', DWS has been able to grow consistently by focusing on the provision of a high quality, client service.

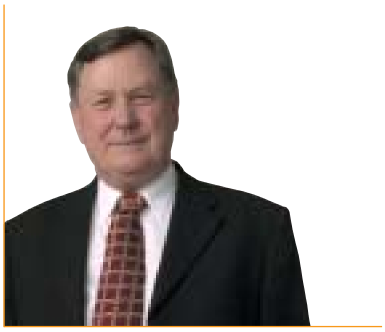
SpinnakerOne is an AS/NZS ISO 9001:2000 Quality Certified methodology developed by DWS, for DWS project delivery. SpinnakerOne draws upon many industry best practices and other methodologies such as CMMI, ITIL and PMBOK.

SpinnakerOne was purpose built with the aim of assisting the Company to continue to grow and ensure the very best delivery. As a testament to the value SpinnakerOne contributes to project delivery, some of DWS' clients have elected to adopt the methodology for their own, internal project use. This approach and quality service provision, enables DWS to grow with confidence and with the objective of providing quality business solutions to its clients.

DWS' pricing model is based on a 'same for all' approach which provides the Company with the opportunity to live by its corporate philosophy of transparency. Accordingly, DWS is able to bring large groups of clients together in an interactive forum.

DWS' unique characteristics have resulted in it becoming a great company for investors, clients and staff alike. The DWS motto is 'exceed expectations' – we have in the past, and we will continue to do so in the future.

CHAIRMAN'S REPORT



Dear Shareholder,

It is with pleasure that I present before you DWS Advanced Business Solutions Ltd's ('DWS') first Annual Report as an ASX Listed Company. After a successful Initial Public Offer which saw the float close oversubscribed, shares in DWS commenced trade on the ASX on 15 June 2006. I would like to commend the DWS float team on the delivery of such a positive result and offer my thanks for their efforts during that important process.

The 2006 financial year saw DWS deliver very strong financial results once again. The Company achieved consultancy sales revenue of over $45 million and an EBITDA (before share based payments) of $13.57 million. These results are an indicator of the strong performance DWS has delivered over its 14 year history.

The new financial year brings with it new opportunities and challenges for DWS. I am optimistic about our ability to exceed performance expectations and deliver strong results in the coming year. DWS will, of course, maintain its commitment to the delivery of superior value and quality in the information technology solutions we provide our clients, and strive to deliver value to our shareholders and staff.

On behalf of my fellow Directors, I would like to welcome you as new shareholders in DWS.

Yours faithfully,

Harvey Parker
Chairman

18 September 2006

CHIEF EXECUTIVE OFFICER'S AND MANAGING DIRECTOR'S REPORT

Danny Wallis, Chief Executive Officer

Glenn Fielding, Managing Director

It has been a particularly exciting 12 months for DWS, resulting in a fantastic start to life as public company. Strong revenue and profit margins, a robust and proven business model, and an experienced and focused management team – financially, operationally and strategically our business has never been stronger.

FY2006 saw DWS complete 14 years of consecutive growth in both revenue and profit. We don't believe any of our competitors can claim to match this achievement, and we are working avidly towards continuing our strong performance in 2007 and beyond.

With consolidated entity revenue growth of 29 per cent to $45.28 million, and a record EBITDA before share based payments of $13.57 million, DWS' financial performance in FY2006 has again been particularly solid. Our ability to drive revenue growth from both new and existing clients is demonstrative of our delivery performance and strong client relationships. This strong sales performance was also assisted by our Sydney office contributing $1.85 million in revenue for the three months to 30 June 2006. Our EBITDA growth, strong balance sheet with zero debt, and overall consistently strong financial performance are a characteristic of our robust, growing Company.

The continued ability to deliver such strong and growing financial returns can only occur through the existence of a sound business model. The DWS model is stronger than it has ever been, and this has enabled the Company to experience quality, sustainable growth year-on-year. The DWS model focuses on quality and the delivery of IT solutions to our clients – adding quantifiable value to their businesses which they can see and understand.

The DWS model is client centric which means we focus on our clients IT needs rather than just the implementation of isolated project based initiatives. We work closely with our clients to ensure the quality delivery of our end-to-end service offering, from each solution's planning, delivery, implementation and beyond.

Operationally DWS has been able to consistently outperform competitors by basing our delivery methodology on sound, sustainable and repeatable processes, and backing this up with a championship team of management that is constantly looking for incremental improvement in our business model, and adding to our strong ethical culture.

We know – as our clients openly tell us – that this model provides the platform for valuable long-term client partnerships. Our client retention is extremely strong and accordingly we're able to grow our business based on quality relationships.

DWS is committed to working in partnership with clients to ensure their success. This commitment has seen many of our client relationships exceeding 10 years. DWS does not have hundreds of clients; we have deep, broad engagements covering much of our client's business needs.

DWS' blue-chip client base extends across a broad range of industry sectors. This not only provides an exciting and dynamic environment for staff, but the spread of clients enables significant and ongoing risk mitigation, which is an important element of the DWS operating model and one which we monitor closely.

DWS' quality certified delivery methodology 'SpinnakerOne™' was purpose built by DWS for DWS, with the aim of assisting us to continue to ensure the very best approach to solution delivery and implementation. This methodology sets DWS apart and enables us to continue to grow with confidence.

DWS is focused on being the leader in the provision of end-to-end IT solutions. DWS designs, develops, manages and maintains software solutions and information technology environments for large corporate entities and government agencies. By hiring the best professionals possible we are able to deliver these services to our clients with a competitive advantage that is well understood by clients and staff alike.

The market for good people is competitive. Notwithstanding this, DWS continues to attract and retain high quality people and grew in Melbourne from 251 people to 311 people in the 12 months to 30 June 2006, and in Sydney grew from 5 to 41 during that same period (assisted by the acquisition of Sydney based IT services provider TurnAround Solutions (TAS)).

We continue to recruit heavily within the parameters of our selection criteria and we continue to invest in the retention of staff. We will continue to build on the strong but flexible business model we have developed. We will continue to grow with quality and feeling, and will continue to exceed expectations.

The most significant milestone for DWS in 2006 was our debut on the Australian Stock Exchange (ASX). Once the decision was made to stage the Initial Public Offer (IPO), the DWS executive team worked tirelessly to achieve a successful and timely entry to the ASX, whilst also ensuring that the underlying business continued to perform. A job well done.

In discussing the success of the IPO, it is appropriate to also recognise the contribution made by DWS' IPO advisors:

- Lundstrom Dickson Barbanti;
- Deloitte;
- Middletons Lawyers;
- MDM Design Associates;
- Joe Pisasale; and of course
- Ord Minnett (our float manager).

Using the IPO process as a medium, we have been able to allot approximately 11 per cent of issued capital in the Company to our staff, at no cost to them. This enabled us to offer DWS staff the opportunity to participate in the success of the Company going forward, and also recognises their contributions in real terms for making the Company what it is today. While our staff have always taken pride in their contributions to the Company, they are now shareholders which gives DWS an added strength and unity.

In March this year, TAS was integrated into the DWS Group. While DWS has never been an acquisitive company, we identified TAS as an opportunistic target with a complementary base of high quality clients. The acquisition also gave us a foundation to build on in Sydney.

After some initial structural change within TAS to ensure a smooth integration into DWS, we are benefiting greatly from the contribution our Sydney team is making.

These events combined with the quality service delivered by DWS, the ongoing demand for DWS IT solutions, and our strong sales performance indicate continued strong growth in 2007.

Finally, and by no means least, we'd like to extend a very warm welcome to our new Board Members – Mr Harvey Parker (Chairman), Mr Ken Barry (Director) and Mr Glen McLean (Director), and also to Ms Vivian Clark (Company Secretary/CFO). We are grateful for the contribution they have made to date, and are very much looking forward to working with them to deliver strong results in 2007 and beyond.

Yours faithfully,

Danny Wallis
Chief Executive Officer

Glenn Fielding
Managing Director

18 September 2006

14 YEARS OF CONSISTENT GROWTH IS THE RESULT OF A STRONG BUSINESS MODEL AND A SOUND CORPORATE PHILOSOPHY

PARTNERING FOR SUCCESS

INVESTORS
+
CLIENTS
+
STAFF
=
SUCCESSFUL PARTNERSHIP

OUR MISSION IS TO PROVIDE AN HONEST, RELIABLE, TRANSPARENT AND PROFESSIONAL INFORMATION TECHNOLOGY SERVICE THAT FULFILS OUR CLIENTS' BUSINESS NEEDS AND ASSISTS THEM TO BECOME MORE SUCCESSFUL. OUR GOAL IS TO ALWAYS EXCEED OUR CLIENTS', STAFF AND SHAREHOLDER'S EXPECTATIONS.

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PER CENT GROWTH IN REVENUE IN THE 2006 FINANCIAL YEAR – STRONG GROWTH FROM A STRONG COMPANY

PARTNERING WITH INVESTORS

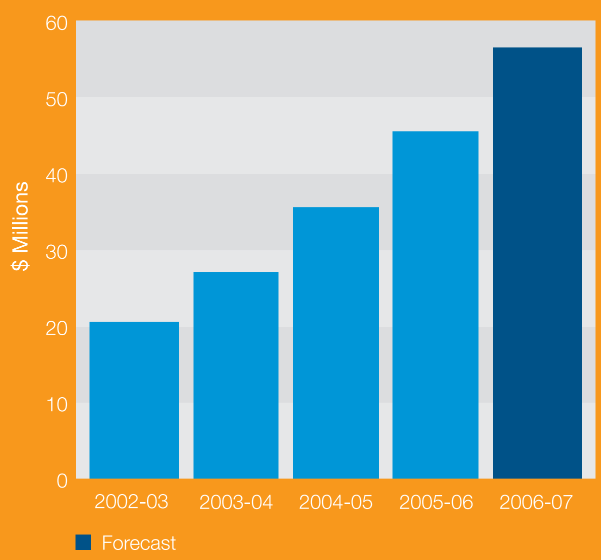
WE ARE STRIVING TO DELIVER SUPERIOR FINANCIAL RETURNS TO OUR INVESTORS AND BECOME THE INFORMATION TECHNOLOGY SECTOR COMPANY OF CHOICE. PARTNERING FOR SUCCESS

> Long-term value from a robust and proven business model.

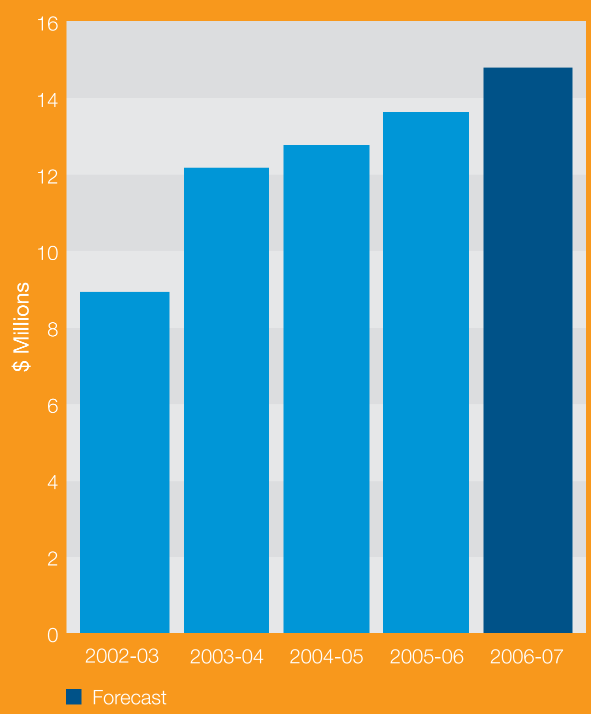
> Strong balance sheet with zero debt.

> Record full year revenue and EBITDA.

Consulting Revenue



EBITDA (before share based payments)



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PER CENT OF REVENUE COMES FROM CLIENTS THAT HAVE BEEN WITH US FOR MORE THAN SEVEN YEARS

PARTNERING WITH CLIENTS

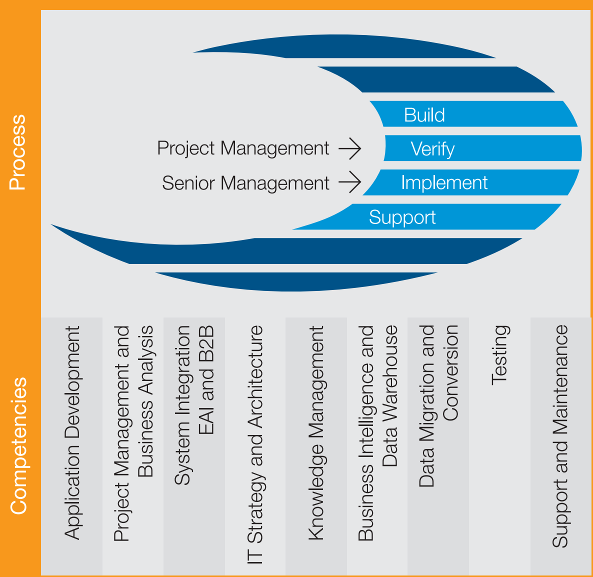
OUR FOCUS ON STRONG CLIENT RELATIONSHIPS IS THE KEY TO DELIVERING VALUE ACROSS THEIR COMPANIES, AND OUR OWN. PARTNERING FOR SUCCESS

> Long-term relationships with blue-chip clients.

> Delivery of high quality solutions with value for money.

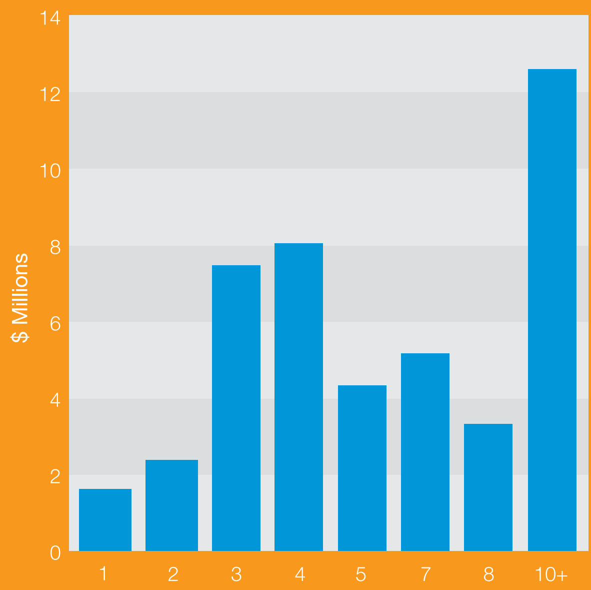
> Open, honest and ethical approach to business.

SpinnakerOne™



Project Delivery and Quality Methodology

Revenue by Client Group Tenure



Years as a DWS Client

Case Study – Leading Telecommunications Provider

DWS was engaged by a leading Australian telecommunications provider to support their reporting data warehouse platform. As this client had been with DWS for eight years, we were very familiar with various facets of their business, and we identified an opportunity for SpinnakerOne™ to be incorporated into their operation to add value. Through the introduction of standards and incrementally building up centralised architecture and application documentation, maintenance costs on this highly diverse and complex set of applications were significantly reduced and subsequent developments made easier. The DWS mindset of constant improvement has also identified numerous areas that have seen increased customer satisfaction and systems reliability.

Case Study – Leading Government Department

DWS' delivery approach was recently selected as the IT delivery methodology of choice and introduced into a leading government department for their internal use. Delivery components of the methodology were integrated with PRINCE2™ (Project Management) and ITIL® (IT Service Management). DWS SpinnakerOne™ specialists trained key department staff and developed a comprehensive training and introduction program. The methodology was then made readily available to the department staff via website.

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PER CENT OF THE COMPANY'S SHARES WERE ALLOTTED TO STAFF IN THE 2006 INITIAL PUBLIC OFFER AT NO DIRECT COST TO THEM

PARTNERING WITH STAFF

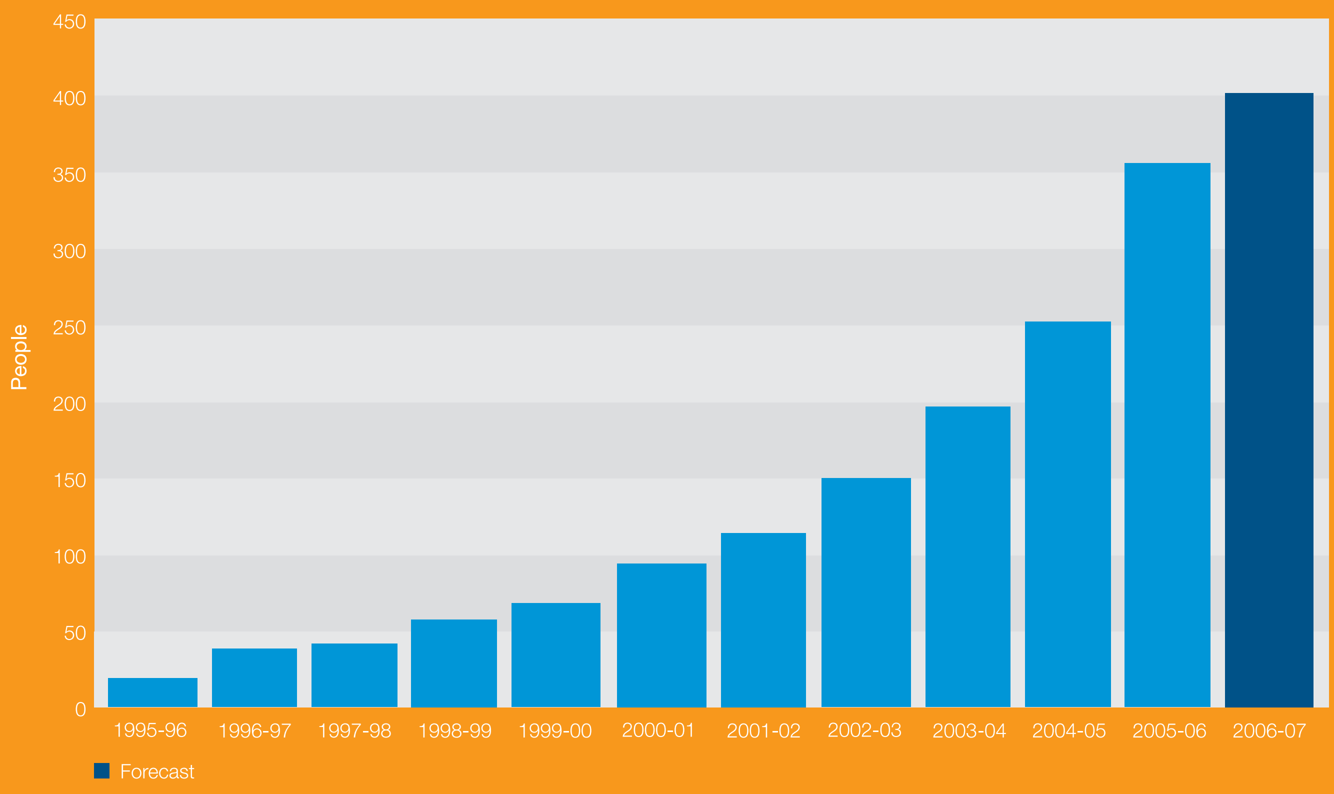
OUR PEOPLE ARE THE ENVY OF THE INFORMATION TECHNOLOGY SERVICES SECTOR. WE PROMOTE THIS AT EVERY OPPORTUNITY, AND WORK HARD ON ATTRACTING AND RETAINING THE BEST STAFF IN THE INDUSTRY. PARTNERING FOR SUCCESS

> Ambitious staff, driving initiatives and building a high performance culture.

> Strong growth in staff numbers and low turnover.

> A culture of integrity, driven by a can-do approach.

Number of Employees



BOARD OF DIRECTORS

Danny Wallis
Chief Executive Officer

Danny founded DWS and is the Company's Chief Executive Officer.

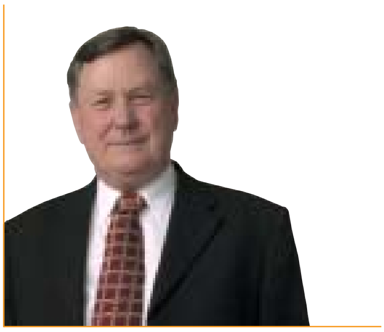
After accumulating a great deal of experience as a system programmer and internal consultant at ANZ Bank, Danny believed that there was an opportunity for a high quality, professional, client focused IT services organisation. It is on this basis that Danny founded DWS, with three staff in 1992.

Danny has been involved in all stages of DWS' growth, building the organisation to in excess of 350 staff with operations in Melbourne and Sydney and an enviable client list and market reputation.

Glenn Fielding
Managing Director

Glenn has been with DWS for six years and is the Company's Managing Director. He has been instrumental in DWS' growth and has held key senior management roles throughout DWS' development.

Prior to joining DWS, Glenn was a founding member of SMS Consulting Group and a Director of that Group from mid 1992 until 30 June 1999. During his 13 years at SMS, Glenn held managerial roles in the Groups commercial operations and merger and acquisition activities. Glenn was until recently a Non-Executive Director of CPT Global Ltd, a technology consulting company listed on the ASX where he Chaired the Remuneration Committee and was a member of the Finance and Audit Committee.



Harvey Parker
Chairman and Non-Executive Director

Harvey has over 14 years experience as a CEO of companies such as New Zealand Post, United Energy and as Group Managing Director, Commercial and Consumer of Telstra.

Harvey has also been Director General, Department of Youth, Sport and Recreation for the Victorian Government and Chairman of Petroz NL, Datacom Investments Australia, Moore Australia and Emergency Communications Victoria. He was also a Non-Executive Director of the ASX listed technology services company Volante Group Limited and Animal Health Australia.

In addition to being Chairman of DWS, Harvey is also currently Chairman of Dun & Bradstreet Australasia, Pacific Turbine Brisbane and Agline Pastoral, and a Director of the Riding for Disabled Association Victoria.

Harvey brings a wealth of experience in business management and corporate governance from both the public and private sectors to DWS.

Ken Barry
Non-Executive Director

Ken is a lawyer who brings over 40 years of corporate, commercial, legal and compliance experience with listed and unlisted companies to DWS.

Ken has previously been a Director of National Electricity Market Management Company Limited, Director of Yallourn Energy Limited, Chairman of Ausdoc Group Limited and Freightway Express Limited (NZ).

In addition to being a Non-Executive Director of DWS, Ken is currently the Chairman of Deacons law firm. Ken is also Chairman of ASX listed Wallace Absolute Return Limited, IOOF Holdings Trustee Pty Ltd, the Doxa Youth Foundation, and leading thoroughbred stud Coolmore Australia.

Glen McLean
Non-Executive Director

Glen has over 23 years experience in IT services, consulting and systems development with organisations such as Computer Manufacture and Design, Deloitte Haskins & Sells, Bond Consulting and Andersen Consulting.

In addition to being a Non-Executive Director of DWS, Glen is currently the General Manager Information Technology for the Victorian power companies – Powercor and Citipower. Glen has held this position for over 11 years and has been heavily involved in the organisations move from a private to a public organisation.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

The Directors present their report together with the financial report of DWS Advanced Business Solutions Limited ('the Company') and of the consolidated entity, being the Company and the entities it controlled during the year ended 30 June 2006 and the auditor's report thereon.

Directors

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

Name, Qualifications and Independence Status	Age	Experience and Special Responsibilities
Harvey Parker, BA, MBA Chairperson Independent Non-Executive Director Elected 9 May 2006	62	Former Chairman of Emergency Communications Victoria, Datacom Services Pty Ltd, and former Director of Volante Group Ltd. Current Chairman of Dun and Bradstreet, Chairman of Pacific Turbine Brisbane Ltd and Agline Pastoral Pty Ltd and Director of the Riding for Disabled Association Victoria. Mr Parker is also Chairman of the Remuneration and Nomination Committee.
Ken Barry, LLB Independent Non-Executive Director Elected 9 May 2006	68	A lawyer with over 40 years experience practising corporate and commercial law. He is the Chairman of Deacons law firm, Wallace Absolute Return Limited and of the Australian Board of Management of Coolmore Australia. Mr Barry is Chairman of the Audit, Risk and Compliance Committee and a member of the Remuneration and Nomination Committee.
Glen McLean, BAS Non-Executive Director Elected 9 May 2006	46	23 years experience of IT services and consulting with organisations such as Deloitte Haskins and Sells, Andersen Consulting and Computer Manufacture and Design. He is currently General Manager, Information Technology of Powercor and Citipower. Mr McLean is also a member of the Audit, Risk and Compliance Committee.
Danny Wallis, BCS Chief Executive Officer Elected 28 December 1998	43	Founder of DWS in 1992. Over 20 years experience in the Information Technology industry. Mr Wallis is also a member of the Audit, Risk and Compliance Committee.
Glenn Fielding Managing Director Elected 9 May 2006	54	Past Director and founding member of SMS Management & Technology Ltd and past Non-Executive Director of CPT Global Ltd. Mr Fielding is a member of the Remuneration and Nomination Committee.

Company Secretary

Ms Vivian Clark, Bachelor of Commerce, Graduate Diploma in Company Secretarial Practice, ACA, ASA, was appointed to the position of Company Secretary on 9 May 2006. She is a member of the Institute of Company Directors and the Taxation Institute of Australia. She is also the Chief Financial Officer (CFO) of the Group. Ms Clark has worked in private practice as well as holding senior financial positions in both listed and private companies.

Officers Who Were Previously Partners of the Audit Firm

There are no Officers of the Company who were previously partners of the current audit firm, Grant Thornton Audit (Vic) Pty Ltd.

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2006

Directors' Meetings

The number of meetings of the Company's Directors (including meetings of formally constituted committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

Meeting of Directors

Director	Board of Directors		Audit, Risk and Compliance		Remuneration and Nomination	
	Held	Attended	Held	Attended	Held	Attended
Harvey Parker	3	3	-	-	-	-
Ken Barry	3	3	-	-	-	-
Glen McLean	3	3	-	-	-	-
Danny Wallis	3	1	-	-	-	-
Glenn Fielding	3	3	-	-	-	-

Election of Directors

Clause 15.3 of the Company's Constitution requires that at each Annual General Meeting one-third of the Directors must retire from office. Therefore, Mr Danny Wallis, being the Director who has longest been in office, retires by rotation and is eligible for re-election.

Corporate Governance Statement

The Board recognises the importance of good corporate governance and establishing accountability of the Board and management. DWS has undertaken a review of its governance framework, policies and practises to ensure, unless stated otherwise, compliance with Australian Stock Exchange (ASX) Recommendations.

Board of Directors

Role of the Board

The principal role of the Board is to:

- approve financial plans and annual budgets and monitor the financial results on an ongoing basis;
- influence and monitor strategy and approve plans to achieve these strategies;
- oversee the management of DWS and evaluate the performance and remuneration of the Chief Executive Officer (CEO), Managing Director and other Executives;
- monitor and ensure the integrity of internal controls, financial reporting and management information systems;
- approve the major Human Resources (HR) policies and oversee the management of occupational health and safety;
- oversee risk management and statutory and regulatory requirements; and
- protect and enhance the interests of shareholders and oversee shareholder communications.

The Board has delegated responsibility for the operation and administration of the Company to the Chief Executive Officer, Managing Director and Executive Management. Responsibilities are delineated by formal authority delegations.

Board Processes

To assist in the execution of its responsibilities, the Board has established two Committees. These are the Remuneration and Nomination Committee and the Audit, Risk and Compliance Committee. Both of these Committees have written charters. The Board is in the process of reviewing the framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards. Codes of conduct for Directors and Executives have been adopted and the internal controls systems and risk systems are currently under review by the newly established board to ensure adequate systems are in place.

The Company listed on the ASX on 15 June 2006 and as such the Committees, although established did not meet during the financial year ended 30 June 2006.

The Board will hold 11 scheduled meetings each year. Since the appointment of the Non-Executive Directors on 9 May 2006, the Board met on three occasions during the financial year.

The agenda for meetings is prepared in conjunction with the Chairperson, Chief Executive Officer and Company Secretary. Standing items include the CEO report, CFO report, human resources report, governance and compliance. Board papers are circulated in advance.

Director Education

The Company has a formal process to educate new Directors about the nature of the business. Directors also have the opportunity to visit consolidated entity offices and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Independent Professional Advice and Access to Company Information

Each Director has the right, subject to prior consultation with the Chairperson, to seek independent professional advice from a suitably qualified adviser at the consolidated entity's expense concerning any aspect of the Company's operations or undertaking in order to fulfil their duties.

A copy of all such advice is made available to all the Board members.

Composition of the Board

The names of the Directors of the Company in office at the date of this Statement are set out on page 17 of the Directors' report.

The composition of the Board is determined using the following principles:

- a minimum of three Directors, with a broad range of expertise;
- a majority of Non-Executive Directors;
- a Non-Executive Independent Director is appointed as Chairperson;
- a majority of Directors have extensive knowledge of the Company's industry, and those who do not, have extensive expertise in significant aspects of auditing and financial reporting, or legal and risk management of companies;
- enough Directors to serve on various committees without overburdening the Directors or making it difficult for them to fully discharge their responsibilities;
- one third of all Directors, except the Managing Director, will retire by rotation each year but may offer themselves for re-election for a further three year period; and
- no Director may hold office for a period in excess of three years without offering themselves for re-election.

An independent Director is a Director who is not a member of management (a Non-Executive Director) and who:

- holds less than five per cent of the voting shares of the Company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than five per cent of the voting shares of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal or employee of a material* professional adviser or a material* consultant to the Company or another Group member;
- is not a material* supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a material* supplier or customer;
- has no material* contractual relationship with the Company or another Group member other than as a Director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially* interfere with the Director's ability to act in the best interests of the Company.

* The Board considers 'material' in this context where any Director-related business relationship has represented, or is likely in the future to represent the lesser of at least 10 per cent of the relevant segments or the Director-related businesses revenue. The Board considered the nature of the relevant industries' competition, and the size and nature of each Director-related business relationship, in arriving at this threshold.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee, (Committee) comprises one Committee but deals with both Board Remuneration and Nomination policies and processes. There are separate Charters for the Committees as detailed below. The Committee will meet annually unless otherwise required. The Board policy is that the Committees will comprise a majority of independent Non-Executive Directors.

The Board elected the following members to the Committee:

Harvey Parker (Chairperson)	Independent Non-Executive
Kenneth Barry	Independent Non-Executive
Glenn Fielding	Executive

Nomination Committee

The Nomination Committee will oversee the appointment and induction process for Directors and Committee Members, and the selection, appointment and succession planning process of the Company's Chief Executive Officer (CEO) and the Managing Director (MD). The Committee will make recommendations to the Board on the appropriate skill mix, personal qualities, expertise and diversity of each position. When a vacancy exists or there is a need for particular skills, the Committee in consultation with the Board determines the selection criteria based on the skills deemed necessary. The Board will then appoint the most suitable candidate. A Board appointee must stand for election at the next general meeting of shareholders.

The Committee will perform a self assessment analysis of the Board during the next financial year. The results of the assessment will be used to focus attention on areas where the Board can further improve the composition and performance of the Board. The Board in it current form has only been constituted since 9 May 2006 just prior to listing on the Australian Stock Exchange (ASX) on 15 June 2006.The terms and conditions of the appointment and retirement of Non-Executive Directors are set out in a letter of appointment, including expectations for attendance and preparation for all Board meetings, minimum hourly commitment, appointments to other Boards, the procedures for dealing with conflicts of interest, and the availability of independent professional advice.

Remuneration Committee

The Remuneration Committee (Committee) will review and makes recommendations to the Board on remuneration packages and policies applicable to the CEO, MD and Senior Executives. It will also be responsible for share and option schemes, incentive performance packages, retirement and termination entitlements, fringe benefits policies and professional indemnity and liability insurance policies.

The Committee will also conduct an annual review of the performance of the CEO and MD and the Senior Executives reporting directly to and discuss with the results discussed at a Board meeting. Both the CEO and the MD are excluded from those discussions.

Remuneration Report

This report details the nature and amount of remuneration for each Director and named Executives receiving the highest remuneration.

Remuneration Policies-audited

The 2006 financial year has been one of change for the consolidated entity, its Directors and the Executives, with the Company listing on the ASX on 15 June 2006. Thus while remuneration levels for Directors and Senior Executives have been set for the 2007 financial year of the Company, for the majority of the 2006 financial year, the Group of Companies representing the consolidated entity all operated as independent private entities. As such there were no specified Executives except for those listed, being the CEO, the MD and the Chief Financial Officer/Company Secretary (CFO). The MD and CEO were the only Executives in the 2005 year.

On the Company's listing on the ASX on 15 June 2006, staff were allotted equity in the newly listed company. While this has been expensed as a share payment under Australian Accounting Standard AASB 2 'Share-based Payments', it is not a payment of the kind normally considered under a remuneration policy but rather a 'one off' strategic issue to staff occurring at the time of listing on the ASX. The equity allotment was not as a result of company performance or a reward for performance. Nor was it conditional on performance or service period in the future. It has therefore been excluded from any disclosed remuneration for the 2006 financial year. None of the named Directors and Executives received any of these shares.

The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for the Company. The remuneration structures take into account:

- the capability and experience of the Directors and Senior Executives;
- the Directors and Senior Executives ability to control the relevant performance the Company; and
- the Company's performance.

Remuneration packages include a fixed component only for Executives and a variable component for Non-Executive Directors.

Fixed Remuneration

Remuneration levels reviewed by management for the 2006 financial year have been competitively set to be in line with listed entities of a similar size and operating within similar industries.

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any Fringe Benefits Tax (FBT) charges related to employee benefits including motor vehicles), as well as employer contributions to superannuation funds.

Performance-linked Remuneration

There is no performance linked remuneration.

Short-term Incentive Bonus

No short-term bonuses were paid to Directors or Executives for the 2006 financial year.

Long-term Incentive

There were no long-term incentive schemes operating for the 2006 financial year.

Other Benefits

There are no other benefits received by the Directors or Executives of the Company that relate to performance.

Service Agreements and Contract Details – Audited

It is the consolidated entity's policy that contracts of employment for Executive Directors and Senior Executives be for a term of three years but capable of termination within a notice period.

Mr Danny Wallis's contract allows for 12 months notice of termination.

Mr Glenn Fielding's contract allows for 12 months notice of termination.

Ms Vivian Clark's contract allows for six months notice of termination.

Non-Executive Directors

Total remuneration for all the Non-Executive Directors was determined at a general meeting of the Company shareholders on 11 May 2006 is not to exceed $350,000 per annum. Directors' base fees are set out in the table under Directors and Executive Officers' remuneration.

On appointment each of the Non-Executive Directors were granted options in the Company. There are no other performance incentives for Non-Executive Directors.

Elements of Remuneration

Details of the nature and amount of each major element of remuneration of each Director of the Company and each of the named Company Executives who receive the highest remuneration and each of the five or more Executives of the consolidated entity with the greatest authority are detailed in the table under Directors and Executive Officers' remuneration.

Directors' and Executive Officers' Remuneration

		Primary		Equity Compensation	
	Year	Base Remuneration $	Retirement Benefits $	Value of Options[(a)] $	Total $
Directors Non-Executive[#]					
Harvey Parker	2006	12,703	1,143	478	14,324
	2005	-	-	-	-
Kenneth Barry	2006	8,469	762	478	9,709
	2005	-	-	-	-
Glen McLean	2006	4,940	445	287	5,672
	2005	-	-	-	-
Directors Executive					
Danny Wallis CEO	2006	95,888	8,580	-	104,468
	2005	61,957	41,340	-	103,297
Glenn Fielding MD	2006	166,142	28,857	-	194,999
	2005	169,337	28,858	-	198,195
Total all Specified	2006	288,142	39,787	1,243	329,172
	2005	231,294	70,198	-	301,492
Executives – the Company					
Vivian Clark CFO[##]	2006	42,343	3,810	-	46,153
	2005	-	-	-	-
Total all Named Executives	2006	330,485	43,597	1,243	375,325
	2005	231,294	70,198	-	301,492

Non-Executive Directors commenced 9 May 2006.

Vivian Clark (CFO) commenced 10 April 2006.

(a) The fair value of options is calculated at the date of grant using a Binomial model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed above is the portion of the fair value of the options allocated to this reporting date. As this amount is immaterial, no accounting for share based transactions on these amounts has been performed.

The following factors and assumptions were used in determining the fair value of options on grant date:

Grant Date	Expiry Date	Fair Value Per Option	Exercise Price	Price of Shares on Grant Date	Estimated Volatility	Risk Free Interest Rate	Dividend Yield
May 2006	Feb 2009	$0.125	$1.50	$1.00	50%	5.75%	N/A

Estimated volatility approximates historic volatility. The estimated life of all options granted is over three financial years. Each option entitles the holder to purchase one ordinary share in the Company.

All options expire on the earlier of their expiry date or 90 days after when a Director ceases to hold office. One third of the options vest on the release of the 2007 results, a further one third of the release on the 2008 half year results and the remaining one third, on the release of the 2008 full year results. Exercise is conditional on the consolidated entity's share price.

Analysis of Share Based Payments Granted as Remuneration

Details of the vesting profile of options granted as remuneration to each Director of the Company and each of the named Company Executives and relevant Group Executives are detailed below. No options were granted as part of remuneration for the 2005 year.

	Options Granted					
	Number	Date	% Vested in Year	Forfeiture in Year	Financial Years to Which Grant Vests	Value Yet to Vest $
Directors						
Harvey Parker	250,000	15/06/2006	Nil	Nil	2008, 2009	31,250
Kenneth Barry	250,000	15/06/2006	Nil	Nil	2008, 2009	31,250
Glen McLean	150,000	15/06/2006	Nil	Nil	2008, 2009	18,750

Analysis of Movement in Options

	Value in Options			
	Granted in Year No.	Exercised in Year No.	Forfeited in Year %	Total Option Value in Year $
Directors				
Harvey Parker	250,000	-	-%	Nil
Kenneth Barry	250,000	-	-%	Nil
Glen McLean	150,000	-	-%	Nil

There was no movement during the period, by value, of options over ordinary shares in DWS Advanced Business Solutions Limited held by each Director of the consolidated entity.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee ('Committee') has a documented Charter, approved by the Board. The Committee will comprise a majority of independent Non-Executive Directors. The Chairperson may not be the Chairperson of the Board. The Committee advises on the establishment and maintenance of a framework of internal controls and appropriate ethical standards for the management of the consolidated entity.

The members elected to the Committee during the year were:

Kenneth Barry	Chair, Independent Non-Executive
Glen Mclean	Independent Non-Executive
Danny Wallis	Executive

The external auditors, MD and CFO will be invited to Committee meetings at the discretion of the Committee. The Committee did not meet during the year as the company was not listed on the ASX until 15 June 2006.

The CEO and the CFO declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the year ended 2006, comply with the accounting standards and present a true and fair view of the Company's financial condition and operational results.

The Audit, Risk and Compliance Committee's Charter is available on the Company's website along with information on procedures for the selection and appointment of the external auditor, and for the rotation of the external audit engagement partner.

The responsibilities of the Audit, Risk and Compliance Committee include reporting to the Board on:

- reviewing the annual, half-year and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholder needs;
- assessing corporate risk assessment processes;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor provides an annual declaration of independence which is consistent with Professional Statement F.1 of the Code of Professional Conduct as recognised by Australia's professional accounting bodies;
- reviewing the nomination and performance of the external auditor. The external auditors were appointed in 2006;
- assessing the adequacy of the internal control framework and the Company's code of ethical standards;
- monitoring the procedures to ensure compliance with the *Corporations Act 2001* and the ASX Listing Rules and all other regulatory requirements; and
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission and ASX.

The Committee will review the performance of the external auditors on an annual basis including:

- discussing the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and reviewing the fees proposed for the audit work to be performed;
- reviewing the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and recommending to the Board approval of these documents, prior to announcement of results;
- reviewing the draft financial report and recommending Board approval of the financial report;
- reviewing the results and findings of the auditor, the adequacy of accounting and financial controls, and monitoring the implementation of any recommendations made and;
- as required, organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

Risk Management

The Board will oversee the establishment, implementation, and review of the Company's Risk Management System. Management will establish and implement a Risk Management System for assessing, monitoring and managing operational, financial reporting, and compliance risks for the consolidated entity.

Risk Profile

The Audit, Risk and Compliance Committee will report to the Board annually on the status of risks by ensuring that risks are identified, assessed and appropriately managed. No risk review has been conducted since the date of listing on the ASX and the end of the financial year. Further details of the Company's Risk Management Policy and internal compliance and control system are available on the Company's website.

Risk Management and Compliance and Control

The consolidated entity strives to ensure that its services are of the highest standard. The entity has accreditation AS/NZS ISO 9001:2000 Quality Management Systems with the SpinnakerOne product.

The Company has been a disclosing entity since listing on the ASX on 15 June 2006. A comprehensive review of the internal controls and compliance is not yet completed. The Board being responsible for the overall internal control framework is committed to this review but recognises that no cost-effective internal control system will preclude all errors and irregularities.

Quality and Integrity of Personnel

Formal appraisals are conducted annually for all employees as well as a comprehensive induction process for all new employees. Training and development at a group and individual level are offered. This together with appropriate remuneration and incentives creates an environment of cooperation and constructive dialogue with employees and Senior Management. A formal succession plan is being put in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur.

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2006

Financial Reporting

The Chief Executive Officer and the Chief Financial Officer have declared, in writing to the board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.

Monthly actual results are now reported against budgets approved by the Directors and revised forecasts for the year will be prepared regularly.

Convergence with Australian equivalents to International Financial Reporting Standards (AIFRS) has been a key financial reporting project during the financial year ended 30 June 2006. The board as part of the change in Company status and ASX listing, monitored the project to ensure a smooth transition to AIFRS reporting.

Details of the impact of transition from previous Australian Generally Accepted Accounting Principles (AGAAP) to AIFRS on the financial report for the financial year ended 30 June 2006 are included in Note 31 to the financial statements.

Ethical Standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. There is a dedicated Human Resources section where staff may refer any issues arising from their employment.

Conflict of Interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has and will continue to develop procedures to assist Directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of Director related entity transactions with the Company and consolidated entity are set out in Note 27.

Code of Conduct

The consolidated entity has advised each Director, manager and employee that they must comply with the Code of Conduct (Code). The Code together with a Deed of Confidentiality forms part of the employment contract with all employees and covers the following:

- aligning the behaviour of the Board and management with the code of conduct by maintaining appropriate core Company values and objectives;
- fulfilling responsibilities to shareholders by delivering shareholder value;
- fulfilling responsibilities to clients by maintaining high standards of product quality, service standards and commitments to fair value;
- employment practices such as occupational health and safety, employment opportunity, the level and structure of remuneration, and conflict resolution;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- compliance with legislation including policies on legal compliance in countries where the legal systems and protocols are significantly lower than Australia's;
- conflicts of interest;
- corporate opportunities such as preventing Directors and key Executives from taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- fair dealing;
- protection and proper use of the Company's assets; and
- reporting of unethical behaviour.

Trading in General Company Securities by Directors and Employees

The key elements of the Trading in Company Shares Policy by Directors and employees are:

- identification of those who are prohibited from dealing in company shares or exercising options:
  - (i) except between 30 days after either the release of the Company's half-year and annual results to the ASX, the Annual General Meeting or any major announcement; and
  - (ii) whilst in possession of price sensitive information not yet released to the market.
- raising the awareness of legal prohibitions including transactions with colleagues and external advisers;
- requiring details to be provided of intended trading in the Company's shares; and
- requiring details to be provided of the subsequent confirmation of the trade.

A summary of the policy is included on the Company's website.

Communication with Shareholders

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases. More details of the policy are available on the Company's website.

In summary, the Continuous Disclosure policy operates as follows:

- the CEO, the CFO and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX. Matters required to be disclosed to the ASX are disclosed on the day they are discovered;
- the full annual financial report is distributed to all shareholders (unless a shareholder has specifically requested not to receive the document);
- the half-yearly report will contain summarised financial information and a review of the operations of the consolidated entity during the period. The half-year reviewed financial report will be lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it;
- proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders;
- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), will be placed on the Company's website after they are released to the ASX;
- analyst and media briefings and general meetings transcripts will be placed on the Company's website;
- the full texts of notices of meetings and associated explanatory material will be placed on the Company's website; and
- the external auditor will attend the annual general meetings to answer any questions concerning the conduct of the audit, the preparation of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information will be made available on the consolidated entity's website within one day of public release. Shareholder requests for financial report information are handled by the Company share registry, Computershare Investor Services Limited (Computershare).

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the consolidated entity's strategy and goals. Important issues are presented to the shareholders as single resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors and changes to the Constitution. A copy of the Constitution is available to any shareholder who requests it.

Principal Activities and Operations Review

Activities

DWS Advanced Business Solutions Ltd (DWS) provides information technology services to a number of S&P/ASX 50 corporations and government bodies. Established in 1992 with three employees, DWS has grown to in excess of 350 staff with operations in Melbourne and Sydney.

DWS designs, develops, manages and maintains software solutions and information technology environments for large corporate entities and government agencies. DWS' quality certified methodology focuses on the quality and timeliness of delivery, and it also has a deep client focus assisting the establishment of long-term client partnerships.

DWS has a sound market reputation in the provision of high end technical services and solution including:

- custom software development for micro to mid range platforms;
- maintenance and customisation of large, enterprise resource and core business applications;
- designing, developing, implementing and maintaining data warehousing, reporting and business intelligence systems: and
- integration, enterprise architecture and a multitude of business to business solutions.

DWS' business model has allowed the Company to consistently grow over its 14 year history. This strong growth has been aided substantially by the execution of well structured and disciplined corporate objectives to facilitate controlled and sustainable growth.

With a proven track record of quality, dedicated staff and management, DWS will continue its growth in professional services. DWS listed on the ASX on the 15 June 2006. The Company underwent a capital reconstruction in preparation for the listing but the activities of the Company have not changed since listing.

Operations

The Company has delivered a result in line with the forecast presented in the prospectus as issued on 23 May 2006 and this is the first reporting period as a listed entity.

The results as presented in the Income Statement do not reflect the operating results of the business for the entire year which have been adjusted for the capital restructuring required for the listing on the ASX. The main item affecting the operating results is the 14.45 million shares issued to staff at no cost. Adjusting the reported results to take this into account is detailed in the table below.

	2006 $M	2005 $M
Revenue	45.46	34.15
EBITDA before equity gift	11.85	11.54
NPBT before equity gift	11.93	11.70
Income tax	(4.18)	(3.99)
Net profit after tax before equity gift	7.75	7.71
Equity gift	(14.45)	-
Reported results	(6.70)	7.71

Isolating the equity gift, the Group operating results were actually $7.75 million in profit.

In addition to the accounting treatment of the equity gift there was a further restatement of $1.71 million in employee shareholder dividends. Again under AIFRS accounting treatment these have been expensed as employee costs. These expenses are non-recurring and have also been isolated in the table below to allow comparison with the operating results for 2006 against the Prospectus forecast as issued on the 23 May 2006.

	2006 $M	Prospectus Forecast $M
Revenue	45.28	41.97
Employee benefits expense	(28.47)	(25.91)
Selling, general and administration expense	(3.24)	(3.07)
EBITDA before employee share expense	13.57	12.99
Employee share expense	(1.71)	(1.80)
EBITDA after employee share expense	11.86	11.19
Depreciation and amortisation	(0.09)	(0.10)
Interest	0.18	-
Profit before tax and staff equity	11.95	11.09
Income tax expense	(4.20)	-
Net profit after tax before equity gift	7.75	-
Equity gift	(14.45)	-
Reported results	(6.70)	-

The Group result for 2006 comprises the results of the following entities:

- DWS Advanced Business Solutions Ltd (DWS) parent entity;
- Wallis Nominees (Computing) Pty Ltd (Wallis); and
- DWS (NSW) Pty Ltd (NSW).

The prospectus forecast did not include the results of the parent entity or DWS (NSW) Pty Ltd. The parent entity underwent major capital and asset reconstruction for the listing and the results include activities for the nine months before this reconstruction occurred.

DWS (NSW) Pty Ltd became a part of the Group at 1 April 2006. Three months of its result is also included in the 2006 results. There is no change in Wallis Nominees (Computing) Pty Ltd, which has the full year results included.

After taking into account the employee dividends ($1.71 million) and the equity gift to staff ($14.45 million) effects on the operating results of the business, a net profit after tax of $9.46 million more accurately reflects the real operating results of the business for the year under review. The table below shows this result as compared to the reported net loss result of $6,700,000.

	2006 $M
Revenue	
Operating	45.14
Non operating	0.14
Interest	0.18
Total revenue	45.46
Employee expenses	(30.18)
Other expenses	(2.88)
Depreciation	(0.09)
Accommodation	(0.36)
Profit before tax	11.95
Add recurring dividends treated as employee expenses	1.71
Net profit before tax	13.66
Income tax expense	(4.20)
NPAT	9.46
Equity gift to staff	(14.45)
Dividends treated as staff expenses	(1.71)
Reported net profit after tax	(6.70)

Dividends

No dividends were paid or declared on the ordinary issued shares of the entity for the year ended 30 June 2006.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Dividends paid during the year to previous shareholders	15,748	1,974	-	250

All franked dividends paid and declared by the Company since the end of the previous financial year were fully franked at 30 per cent.

Directors' Interests

The relevant interests of each Director in the shares, rights or options over such instruments issued by the companies within the consolidated entity, as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

	Ordinary Shares No.	Options Over Ordinary Shares No.
Harvey Parker#	25,000	250,000
Kenneth Barry#	20,000	250,000
Glen McLean	-	150,000
Danny Wallis	54,014,937	-
Glenn Fielding	4,385,063	-

Interest held in related entities.

Share Options

Options Granted to Directors' and Officers of the Company

At the date of this report the Directors were granted the following options over the unissued ordinary shares of the Company:

Expiry Date	Exercise Price	Number of Shares
February 2009	$1.50	650,000
Total		650,000

All options expire on the earlier of their expiry date or 90 days after the retirement of the Director. These options do not entitle the holder to participate in any share issue of the Company.

There were no options converted into ordinary shares during or since the end of the financial year. Options expired and equity movements during the financial year and after balance date up to the date of this report are disclosed in detail in Note 26 of the financial statements.

Adoption of Australian Equivalents to IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (IFRS), the company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to IFRS is included in Notes 28 to 31 of this report.

Indemnification and Insurance of Officers and Auditors

During the financial year, DWS Advanced Business Solutions Limited paid a premium to insure Officers of the Company and related bodies corporate. The Officers of the Company covered by the insurance policy at DWS Advanced Business Solutions Limited included the Directors and Company Secretary.

The Directors have not included the details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses' insurance contracts, as such is prohibited under the terms of the contract.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

Proceedings on Behalf of Company

No person has applied for leave of a Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Non-audit Services

Details of the amounts paid or payable to the auditor of the Company, Grant Thornton Audit (Vic) Pty Ltd for audit services provided during the year are set out below. In addition, amounts paid to other statutory auditors for the statutory audit have been disclosed.

	Consolidated	
	2006 $	2005 $
Statutory audit		
Amounts received and receivable for audit and review of financial reports of the consolidated entity		
Joe Pisasale and Co	15,000	5,000
Grant Thornton Audit (Vic) Pty Ltd	43,000	-
	58,000	5,000

During the year Grant Thornton Audit (Vic) Pty Ltd, the Company's auditor and its related entities, have not performed any other services in addition to their statutory audit duties.

Events Subsequent to Reporting Date

There has not arisen in the interval between the end financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

DIRECTORS' REPORT CONTINUED

FOR THE YEAR ENDED 30 JUNE 2006

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 33 and forms part of the Directors' report for the year ended 30 June 2006.

Rounding Off

The Company is of a kind referred to in Class Order, 98/100 dated 10 July 1998 issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts have been rounded off in the Directors' report and financial report in accordance with that Class Order.

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

Harvey Parker	Danny Wallis
Director	Director

Signed at Melbourne this 12th day of September 2006.

AUDITOR'S INDEPENDENCE DECLARATION

UNDER S307C OF THE CORPORATIONS ACT 2001

Grant Thornton

Auditor's Independence Declaration

In accordance with the requirements of Section 307c of the *Corporations Act 2001*, as lead auditor for the audit of DWS Advanced Business Solutions Limited and its controlled entities for the year ended 30 June 2006, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit (Vic) Pty Ltd
Registered Audit Company

Simon Trivett
Director

Melbourne
September 2006

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2006

		Consolidated		Parent Entity	
		2006	2005	2006	2005
	Note	$'000	$'000	$'000	$'000
Revenue	3	45,464	35,148	836	1,085
		45,464	35,148	836	1,085
Employee benefit expense	4	(30,182)	(20,862)	-	-
Equity granted to employees		(14,450)		(14,450)	-
Occupancy expenses		(366)	(330)	-	-
Depreciation and amortisation expenses	4	(96)	(72)	-	-
Other expenses		(2,885)	(2,182)	(26)	(22)
Profit/(loss) before tax		(2,515)	11,702	(13,640)	1,063
Income tax expense	6	(4,185)	(3,992)	(235)	(35)
Profit for the year		(6,700)	7,710	(13,875)	1,028
Profit/(loss) attributable to minority equity interest	3	524	578	-	-
Profit/(loss) attributable to members of the parent entity		(7,224)	7,132	(13,875)	1,028
		(6,700)	7,710	(13,875)	1,028
Basic earnings (loss) per share	7	($0.05)	-		
Diluted earnings (loss) per share	7	($0.05)	-		

The above Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 30 JUNE 2006

		Consolidated		Parent Entity	
		2006	2005	2006	2005
	Note	$'000	$'000	$'000	$'000
Current assets					
Cash and cash equivalents	9	9,558	5,674	5,787	6
Trade and other receivables	10	12,824	8,272	-	-
Other	11	427	7,572	9,399	4,347
Total current assets		22,809	21,518	15,186	4,353
Non-current assets					
Financial assets	12	-	2,060	7,441	1,911
Property, plant and equipment	13	1,020	2,234	-	1,652
Intangible assets	14	8,330	-	-	-
Deferred tax assets	6	1,539	-	830	-
Total non-current assets		10,889	4,294	8,271	3,563
Total assets		33,698	25,812	23,457	7,916
Current liabilities					
Trade and other payables	16	1,902	2,211	206	-
Current tax liabilities	6	1,816	26	19	26
Short-term provisions	15	1,843	864	-	-
Other	16	315	494	-	-
Total current liabilities		5,876	3,595	225	26
Non-current liabilities					
Long term provisions	15	54	126	-	-
Deferred tax liabilities	6	-	53	-	-
Other	16	-	40		1
Total non-current liabilities		54	219	-	1
Total liabilities		5,930	3,814	225	27
Net assets		27,768	21,998	23,232	7,889
Equity					
Issued capital	17	29,218	-	29,218	-
Retained earnings/(accumulated losses)		(1,450)	21,309	(5,986)	7,889
Total equity attributable to equity holders of the parent		27,768	21,309	23,232	7,889
Minority interest		-	689	-	-
Total equity		27,768	21,998	23,232	7,889

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2006

		Consolidated		Parent Entity	
		2006	2005	2006	2005
	Note	$'000	$'000	$'000	$'000
Cash flows from operating activities					
Cash receipts in the course of operations		46,081	36,346	29	60
Cash payments in the course of operations		(36,042)	(26,630)	(26)	(21)
Income taxes paid		(3,718)	(4,268)	(35)	(27)
Interest received		177	229	35	13
Dividend received		44	32	35	949
Net cash provided by operating activities	24	6,542	5,709	38	974
Cash flows from investing activities					
Payments for plant and equipment		(251)	(46)	-	-
Amounts advanced/repaid to related parties		(4,673)	(5,140)	(8,423)	(2,045)
Amounts repaid/advanced from related parties		12,948	2,395	8,213	2,395
Purchase of TurnAround Solutions		(947)	-	-	-
Proceeds from disposal of investments		1,748	205	1,652	205
Payment for investments		(624)	(1,525)	(624)	(1,519)
Net cash used in investing activities		8,201	(4,111)	818	(964)
Cash flows from financing activities					
Dividends paid		(15,748)	(1,974)	-	(250)
Buy back of minor shareholding		(37)	9	-	-
Proceeds from issue of equities		8,134	-	8,133	-
Share issue costs		(3,208)	-	(3,208)	-
Net cash provided by financing		(10,859)	(1,965)	4,925	(250)
Net (decrease)/increase in cash held		3,884	(367)	5,781	(240)
Cash at the beginning of the financial year		5,674	6,041	6	247
Cash at the end of the financial year		9,558	5,674	5,787	6

The above Statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2006

	Note	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Share capital	17				
Ordinary shares					
Balance at start of period		-	-	-	-
Issue of share capital		31,639	-	31,639	-
Share issue costs		(2,421)	-	(2,421)	-
Total share capital		29,218	-	29,218	-
Retained earnings					
Balance at start of period		21,998	16,076	7,889	7,111
Minority interest change		-	186	-	-
Share buyback of minority interest		(1,000)	-	-	-
Restated balance		20,998	16,262	7,889	7,111
Profit/(loss) for the period attributable to members of the parent entity		(7,224)	7,132	(13,875)	1,028
Profit/(loss) for the period attributable to minority equity interest	3	524	578	-	-
Total for the period		14,298	23,972	(5,986)	8,139
Dividends paid		(15,748)	(1,974)	-	(250)
Balance at end of period		(1,450)	21,998	(5,986)	7,889

NOTES TO THE FINANCIAL STATEMENTS

By complying with AIFRS the financial report also complies with the International Financial Reporting Standards (IFRS) in their entirety.

1. Summary of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of DWS Advanced Business Solutions Ltd (DWS) and controlled entities, and DWS as an individual parent entity. DWS is a listed public company, incorporated and domiciled in Australia.

The financial report of DWS Advanced Business Solutions Ltd and controlled entities, and DWS Advanced Business Solutions Ltd as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

DWS Advanced Business Solutions Ltd and controlled entities, and DWS Advanced Business Solutions Ltd as an individual parent entity have prepared financial statements in accordance with the Australian Equivalents to International Financial Reporting Standards (IFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: *First-time Adoption of Australian equivalents to International Financial Reporting Standards*, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of DWS Advanced Business Solutions Ltd to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented. The parent and consolidated entities have however elected to adopt the exemptions available under AASB 1 relating to AASB 132: *Financial Instruments: Disclosure and Presentation*, and AASB 139: *Financial Instruments: Recognition and Measurement.* Refer to Note 19 for further details.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Notes 29 to 31 in this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity DWS Advanced Business Solutions Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 23 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

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

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

DWS Advanced Business Solutions Ltd and its wholly-owned Australian subsidiaries have not entered into an income tax consolidated group under the tax consolidation regime. DWS Advanced Business Solutions Ltd and each of its subsidiaries are responsible for their own recognition of current and deferred tax assets and liabilities.

(c) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Revenues are recognised as follows in accordance with the principal business activities:

1. Consulting Services

Consulting services revenue is recognised on a billing entitlement basis and is matched against related cost incurred. Where fixed price contracts are used, revenue recognition is based on stage of completion. The stage of completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours.

2. Interest

Interest revenue is recognised as it accrues, taking into account the interest rates applicable to the financial assets.

3. Sale of Non-current Assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

4. Dividends

Dividend revenue is recognised net of any franking credits. Revenue from distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and foreign exchange including trade creditors and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

(f) Work in Progress

Work in progress is carried at the lower of cost allocated and net realisable value and cost includes direct labour and other direct variable costs.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a reducing balance basis over their estimated useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(h) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial Assets at Fair Value Through Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management and within the requirements of AASB 139: *Recognition and Measurement of Financial Instruments*. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity Investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available-for-sale Financial Assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative Instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(i) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(j) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a reducing balance basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used in this and the comparative period are:

Plant and equipment	10 – 40%
Motor vehicles	18.75 – 25%
Leasehold improvements	2.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(l) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled Compensation

The Group has an employee share scheme and a Director option scheme. Employee or executive services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares or the options granted.

Superannuation

There are no persons employed by the Company or any of its subsidiaries who are members of a defined benefit superannuation plan. Contributions are recognised as an expense as they are made.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Receivables

Trade and other receivables represent the principle amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provision for doubtful debts.

(o) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(p) Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(q) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and Directors' report have been rounded off to the nearest $1,000.

Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2006.

2. Changes in Accounting Policies

There are no changes in accounting policies in DWS Advanced Business Solutions Limited. DWS has adopted the Australian equivalent to International Reporting Standards (AIFRS) from July 1 2005. The 30 June 2005 comparative financial statement comparatives have been prepared applying AIFRS.

The Group has not elected to early adopt any new or revised Accounting Standards issued but not yet applicable at 30 June 2006. The Group has revised all shown standards and does not consider that there will be any impact on future adoption. The Group has elected to adopt the exemptions available under AASBI relating to AASB139: *Financial Instruments: Recognition and Measurement.*

3. Revenue

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Revenue from operating activities				
Services revenue	45,141	34,736	-	-
Dividends received	34	32	26	949
Interest received	179	229	-	13
Rental revenue	30	53	30	53
Other	72	98	780	70
	45,456	35,148	836	1,085
From outside operating activities				
Net gain on disposal	8	-	-	-
	8	-	-	-
Total revenue from ordinary activities	45,464	35,148	836	1,085

The Income Statement and the Statement of Changes to Equity for the year ended 30 June 2006 have been adjusted for the minority interest share of the pre-acquisition profits prior to the reconstruction of the Company and prior to listing on the Australian Stock Exchange on 15 June 2006. The overall loss for the year was as a result of the issue of employees shares of $14,450,000 being recognised as an expense in the Income Statement is accordance with AASB 2.

4. Expenses

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Profit/(loss) from ordinary activities before income tax expense has been determined after the following specific expenses:				
Depreciation of:				
Plant and equipment	96	72	-	-
	96	72	-	-
Employee benefit expense				
Employee benefits	28,467	19,396	-	-
Expense of employee shareholder dividends	1,715	1,466	-	-
	30,182	20,862	-	-

5. Remuneration of Auditors

	Consolidated 2006 $	Consolidated 2005 $
Statutory audit		
Amounts received and receivable for audit and review of financial reports of the consolidated entity		
Joe Pisasale and Co	15,000	5,000
Grant Thornton Audit (Vic) Pty Ltd	43,000	-
	58,000	5,000

There are no other services provided.

6. Income Tax

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
The components of income tax expense comprise:				
Current tax payable	4,690	4,103	28	35
Deferred tax expense	(505)	(111)	207	-
	4,185	3,992	235	35
Profit/Loss before income tax	(2,515)	11,702	(13,640)	1,028
Prima facie tax on profit from ordinary activities before income tax at 30% (2005: 30%)	(754)	3,511	(4,092)	319
Increase in income tax expense due to:				
Non-deductible entertainment	73	45	-	-
Non-deductible legal fees and acquisition/divestment costs	1	-	-	-
Non-deductible share based payments	4,849	440	4,335	-
Other items	16	(4)	(8)	(284)
Income tax adjusted for permanent differences	4,185	3,992	235	35
Income tax expense/(benefit)	4,185	3,992	235	35
Current tax liability	1,816	26	18	26

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2006 $'000	Assets 2005 $'000	Liabilities 2006 $'000	Liabilities 2005 $'000	Net 2006 $'000	Net 2005 $'000
Consolidated						
Employee benefits	80	-	-	(23)	80	(23)
Provisions	569	297	-	-	569	297
Revenue recognition	-	-		(306)	-	-
Transaction costs on equity issue	830	-	-	-	830	(306)
Other	60	-	-	(21)	60	(21)
Net tax (assets)/liabilities	1,539	297	-	(350)	1,539	(53)
Parent						
Transaction costs on equity issue	830	-	-	-	830	-
Net tax (assets)/liabilities	830	-	-	-	830	-

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Movements in temporary differences				
The overall movement in the deferred tax account is as follows:				
Opening balance	(53)	(164)	-	-
Charge to income statement	505	111	(207)	-
Transaction costs on equity issue	1,037	-	1,037	-
Acquired on acquisition	50	-	-	-
	1,539	(53)	830	-
Deferred tax asset movement				
Employee benefits				
Opening balance	-	49	-	-
Charged	103	(72)	-	-
Closing balance	103	(23)	-	-
Provisions				
Opening balance	-	217	-	-
Charged	272	80	-	-
Closing balance	272	297	-	-
Work in progress/prepaid income				
Opening balance	-	(410)	-	-
Charged	306	104	-	-
Closing balance	-	(306)	-	-
Other				
Opening balance	-	(20)	-	-
Charged	81	(1)	-	-
Closing balance	81	(21)	-	-
Transaction costs on equity issue				
Opening balance	1,037	-	1,037	-
Charged	(207)	-	(207)	-
Closing balance	830	-	830	-

7. Earnings Per Share

	Consolidated	
	2006	2005
	No.	No.
Number for basic earnings per share		
Ordinary shares	131,500,000	-
Number for diluted earnings per share		
Ordinary shares	131,500,000	-
Basic earnings per share	($0.05)	-
Diluted earnings per share	($0.05)	-
The number of potential ordinary shares which are not dilutive and not included in the calculation	650,000	-

No earning per share calculation has been performed for the 2005 year as the company had only 79 shares on issue prior to the capital reconstruction that took place prior to listing on the Australian Stock Exchange on 15 June 2006.

8. Segment Reporting

Business Segments

DWS Advanced Business Solutions Limited and its controlled entities, develop, manage and implement information technology solutions. There is only one business segment based on the consolidated entity's management reporting system. The business operates within Australia.

9. Current Assets – Cash and Cash Equivalents

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Cash at bank and on hand	7,459	1,869	5,787	6
Deposits at call	2,099	3,805	-	-
	9,558	5,674	5,787	6

10. Trade and Other Receivables

Trade receivables	12,824	8,272	-	-
	12,824	8,272	-	-

11. Current Assets – Other

Prepayments	260	341	-	-
Security deposits	12	15	-	-
Other sundry	155	724	-	-
Loans – at call	-	6,492	9,399	4,347
	427	7,572	9,399	4,347

12. Non-Current Assets – Financial Assets

Shares in controlled entities – at cost	-	-	7,441	1
Shares in unrelated entities – at cost	-	2,060	-	1,910
	-	2,060	7,441	1,911

13. Non-Current Assets – Property, Plant and Equipment

Land and buildings at cost	-	1,652	-	1,652
Total land and buildings	-	1,652	-	1,652
Plant and equipment at cost	543	289	-	-
Accumulated depreciation	(213)	(164)	-	-
Total plant and equipment	330	125	-	-
Motor vehicle at cost	199	171	-	-
Accumulated depreciation	(73)	(67)	-	-
Total motor vehicles	126	104	-	-
Leasehold improvements	622	400	-	-
Accumulated depreciation	(58)	(47)	-	-
Total leasehold improvements	564	353	-	-
Total property plant and equipment	1,020	2,234	-	1,652

Reconciliations

Reconciliations of the carrying amount of each class of property, plant and equipment are set out below.

2006	Land and Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Motor Vehicles $'000	Total $'000
Consolidated					
Balance at the beginning of year	1,652	353	125	104	2,234
Additions	-	222	277	55	554
Disposals	(1,652)	-	(10)	(7)	(1,669)
Depreciation expense	-	(11)	(62)	(26)	(99)
Carrying amount at the end of year	-	564	330	126	1,020
Parent entity					
Balance at the beginning of year	1,652	-	-	-	1,652
Additions	-	-	-	-	-
Disposals	(1,652)	-	-	-	(1,652)
Carrying amount at the end of year	-	-	-	-	-

2005	Land and Buildings $'000	Leasehold Improvements $'000	Plant and Equipment $'000	Motor Vehicles $'000	Total $'000
Consolidated					
Balance at the beginning of year	1,653	358	121	129	2,261
Additions	-	4	41	-	45
Disposals	(1)	-	-	-	(1)
Depreciation expense	-	(9)	(37)	(25)	(71)
Carrying amount at the end of year	1,652	353	125	104	2,234
Parent entity					
Balance at the beginning of year	1,653	-	-	-	1,653
Additions	-	-	-	-	-
Disposals	(1)	-	-	-	(1)
Carrying amount at the end of year	1,652	-	-	-	1,652

14. Non-Current Assets – Intangibles

	Consolidated 2006 $'000	Consolidated 2005 $'000	Parent Entity 2006 $'000	Parent Entity 2005 $'000
Opening balance	-	-	-	-
Goodwill added	8,330	-	-	-
Closing balance	8,330	-	-	-

Goodwill of $8,330,000 was recognised on acquisition of subsidiaries and on the scrip for scrip rollover on the buyback of minority interests.

There has been no impairment of this valuation as at 30 June 2006 or subsequent to that date.

Impairment Disclosures

Value in use calculations based on the present value of cash flow projections over a 10 year period with the period beyond five years extrapolated using a growth rate. The cash flows are discounted using the yield of 10 year government bonds at the beginning of the budget period.

15. Current and Non Current Liabilities – Provisions

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Balance at beginning of financial year	990	649	-	-
Provision made during the year	907	341	-	-
Balance at the end of the financial year	1,897	990	-	-
Current liabilities – provisions				
Employee provisions	1,843	864	-	-
Non-current liabilities – provisions				
Employee provisions	54	126	-	-
Total employee provisions	1,897	990	-	-

16. Current and Non-Current Liabilities – Other

Current liabilities – trade				
Trade payables	904	2,155	-	-
Other payables	998	56	206	-
	1,902	2,211	206	-
Current liabilities – other				
Unearned revenue	315	494	-	-
	-	-	-	-
Non-current liabilities – other	-	40	-	1

17. Movements in Contributed Equity

	2006	2005
	$	$
Original shareholding	79	79
Scrip issue of minority shareholding	7,439,672	-
Issue of new shares to public	8,000,000	-
Issue of new shares to settle obligations	1,750,000	-
Issue of new shares to staff	14,450,000	-
	31,639,751	-
Less share issue costs	(2,420,838)	-
	29,218,913	79

Number of Shares on Issue	Share No.
Share split of original holding of 79 shares	107,300,000
Made up of:	
To existing equity holders	58,400,000
Offered to the public for sale	48,900,000
Add issue of new shares	
Issue of new shares to public	8,000,000
Issue of new shares to settle obligations	1,750,000
Issue of new shares to staff	14,450,000
Number of shares issued	131,500,000

DWS Advanced Business Solutions Ltd (DWS) listed on the Australian Stock Exchange on 15 June 2006. Ordinary share capital prior to that date was 79 shares.

No comparative figures for the original holding are presented.

The holders of ordinary shares are entitled to receive dividends and proceeds on winding up of the parent entity in proportion to the number of shares held. Shareholders are entitled to one vote per share at meetings of the Company.

18. Dividends

(a) Dividends Paid on Ordinary Shares

No dividends were paid on the ordinary issued shares of the entity for the year ended 30 June 2006.

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Dividends paid during the year to previous shareholders	15,748	1,974	-	250

(b) Dividends Proposed

There are no dividends proposed for the financial year.

(c) Franking Credit Balance

Balance of franking accounts at year end adjusted for income tax paid franking credits and after deducting credits used in dividend payments.	4,565	8,317	3,012	2,965

19. Financial Instruments

(a) Credit Risk Exposures

The consolidated entity has minimal exposure to credit and interest rate risk. There is no exposure to currency risk.

The credit risk on financial assets, excluding investments, of the consolidated entity, which have been recognised on the balance sheet, is at the carrying amount. The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of clients and customers in various companies and performing due diligence procedures on major new customers.

(b) Interest Rate Risk

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate was for cash and cash equivalents only. The interest rate on cash and cash equivalents was for 2006: 3.45 per cent (2005: 3.4 per cent).

All other financial assets and liabilities are not exposed to interest rate risk.

(c) Net Fair Value

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amounts as disclosed in the in the balance sheet and notes to the financial statements.

20. Commitments

Operating Leases

The consolidated entity leases two business premises under operating leases. The leases run typically for a three year period with options to renew after that date. Non-cancellable operating leases rentals are payable as follows:

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	441	156	-	-
Later than one year but not later than five years	732	-	-	-
Total commitments	1,173	156	-	-

Finance Leases

The consolidated entity has not entered into any financial leases for plant and equipment.

Capital and Other Commitments

There are no commitments for capital expenditure as at the date of this report. The consolidated entity will however undertake a review of the financial and risk operating systems during the next financial year.

21. Contingent Liabilities

Details of contingent liabilities are as follows:

Bank Guarantees

Bank guarantees of $108,762 have been provided as security for performance of property rental covenants. The bank guarantees are secured by a Standard Authority to Appropriate and Set-Off Term Deposits to the equivalent guarantee value.

22. Acquisitions

On the 1 April 2006, DWS (NSW) Pty Ltd acquired the net assets of TurnAround Solutions Pty Ltd. The Company was a consulting company in Sydney, NSW with long-term contracts within governmental agencies and operating in the Information, Communications and Technology industry. In the three months to the 30 June 2006 the entity contributed $341,000 to the net profit before tax of the Group. The acquisition had the following effect on the consolidated entity's assets and liabilities:

	Recognised Values $
Net assets acquired	
Property plant and equipment	313,427
Cash and cash equivalents	189,372
Trade and other receivables	1,650,031
Other assets	125,937
Trade and other payables	(1,533,572)
Net identifiable assets and liabilities	745,195
Goodwill on acquisition	1,891,022
	2,636,217
Consideration paid in cash*	1,136,217
Consideration paid in equity	1,500,000
	2,636,217
Effect on cash	
Cash acquired	189,732
Consideration paid	1,136,217
Net cash outflow	946,485
	207,788

* Includes legal and other fees.

23. Investment in Controlled Entities

	Country of Incorporation	Class of Shares	Equity Holding 2006 %	Equity Holding 2005 %
Name of entity				
Wallis Nominees (Computing) Pty Ltd	Australia	Ordinary	100	100
DWS (NSW) Pty Ltd	Australia	Ordinary	100	-

24. Reconciliation of Cashflow from Operations with Profit After Tax

	Consolidated		Parent Entity	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Profit for the year	(6,700)	7,710	(13,875)	1,028
(Gain)/loss on sale or disposal of non-current assets	50	(63)	(36)	(63)
Depreciation of non-current assets	96	72		-
Equity settled share based payment	14,450	-	14,450	-
Increase/(decrease) in current tax liability	973	(619)	(8)	8
Increase/(decrease) in deferred tax balances	(505)	(111)	207	-
Changes in net assets and liabilities net of effects from acquisitions and disposal of businesses:				
(Increase)/decrease in assets:				
Current receivables	(3,310)	(1,991)	-	-
Other current assets	157	40	-	-
Non-current receivables	-	2	(700)	1
Increase/(decrease) in liabilities:				
Current payables	89	403	-	-
Current provisions	910	240	-	-
Non-current payables	-	-	-	-
Non-current provisions	332	26	-	-
Net cashflow from operating activities	6,542	5,709	38	974

25. Employee Benefits

Employee benefits liabilities

Provision for employee benefits – current	1,843	864	-	-
Provision for employee benefits – non-current	54		-	-
Aggregate employee benefits liabilities	1,897	864	-	-

Employee numbers	No.	No.	No.	No.
Number of employees at reporting date	357	254	-	-

As explained in Note 1(s), the amounts for long service leave are measured at their present values.

The following assumptions were adopted in measuring present values:

	Consolidated		Parent Entity	
	2006	2005	2006	2005
Weighted average rates of increase in annual employee entitlements to settlement of the liabilities	4%	6%		-
Weighted average discount rates	5.18%	5.18%	-	-
Settlement term (years)	15	15	-	-

Employee Share Plan

Staff were alloted 14,450,000 shares as part of the listing of the Company on the Australian Stock Exchange on 15 June 2006.

Superannuation

All employees in the consolidated entity are members of accumulation funds of their choice and there are no employees who are members of defined benefit superannuation schemes.

26. Key Management Personnel

Details of Key Management Personnel

Directors

Harvey Parker	Executive Chairman
Ken Barry	Non-Executive Director
Glen McLean	Non-Executive Director
Danny Wallis	Executive Director, Chief Executive Officer
Glenn Fielding	Executive Director, Managing Director

Executives

Vivian Clark	Chief Financial Officer and Company Secretary (appointed 10 April 2006)

Compensation by Category

	Consolidated 2006 $	Consolidated 2005 $
Short-term employee benefits	330,485	231,294
Retirement benefits	45,597	70,198
	374,082	301,492

There are no other compensation benefits paid.

Information and disclosures of Directors' and Executive's compensation and some equity instrument disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are included in the remuneration report on pages 21 to 24.

Equity Instruments

All options refer to options over ordinary shares in DWS Advanced Business Solutions Limited.

Options and Rights Over Equity Instruments Granted as Remuneration and Option Holdings

	Held at 1 July 2005	Options Granted	Option Exercised	Held at 30 June 2006
Harvey Parker	-	250,000	-	250,000
Ken Barry	-	250,000	-	250,000
Glen McLean	-	150,000	-	150,000
	-	650,000	-	650,000

There were no movements during the reporting period over options in held in DWS Advanced Business Solutions Ltd.

Exercise of Options Granted as Remuneration

There were no options exercised by Directors or Executives during the period.

Equity Holding and Transactions

The movement during the reporting period in the number of ordinary shares of DWS Advanced Business Solutions Limited held, directly, indirectly or beneficially, by each specified Director and Executive, including their personally related entities is as follows:

	Held at 1 July 2005	Purchases	Capital Reconstruction	Held at 30 June 2006
Specified Directors				
Harvey Parker	Nil	25,000#	-	25,000
Ken Barry	Nil	20,000#	-	20,000
Glen McLean	Nil	-	-	
Danny Wallis	*	-	54,014,937	54,014,937
Glenn Fielding	*	-	4,385,063	4,385,063
Specified Executives				
Vivian Clark	Nil	-	-	-

* Under the Initial Public Offering, Danny Wallis and interests associated with Glenn Fielding sold 45 per cent of their shares in DWS with the result received $49.03 million of the proceeds from the Public Offering.

The restructure resulted in DWS Advanced Business Solutions Ltd acquiring the remaining 7.5 per cent ownership of Wallis Nominees Pty Ltd formerly owned by Glenn Fielding via a script for script rollover. The 7.5 per cent ownership was valued at $7,439,672 based on the share value at $1.00 per share. This has contributed to the $8.33 million goodwill value recognised at year end.

Held indirectly through a related entity.

Loans and Other Transactions with Specified Directors and Specified Executives

Loans

There were no loans to or from specified Directors or specified Executives as of reporting date.

Other Transactions with the Company or its Controlled Entities

There were no other transactions with specified Directors or specified Executives as of reporting date apart from:

- leasing of the Melbourne Office premises from an entity owned by Mr Danny Wallis. The yearly rental of the premises is $156,000. The lease is at arms length with commercial lease term of three years with two three year options. The lease allows for increases of four per cent in rent on the yearly anniversary of the lease which commenced on 1 April 2006; and
- final license fees $194,400 for the use of project management methodology to an entity associated with Mr Danny Wallis.

27. Non-Director Related Parties

The classes of Non-Director related parties are:

- Controlling entity of the Company
- Wholly-owned controlled entities
- Partly-owned controlled entities
- Commonly controlled entities
- Associated companies
- Joint venture entities
- Directors of related parties and their Director-related entities.

The wholly-owned Group consists of DWS Advanced Business Solutions Limited and its controlled entities as set out in Note 23. The ultimate parent entity in the owned Group is DWS Advanced Business Solutions Limited.

All transactions with Non-Director related parties are on normal terms and conditions. These transactions consisted of loans advanced by and repaid to DWS Advanced Business Solutions Limited for the provision of services on normal commercial terms and conditions and at market rates. There are no fixed terms for the repayment of principal and the loans are at call.

Parent entity aggregate amounts receivable from and payable to subsidiaries at balance date are set out in Note 11.

28. First Time Adoption of AIFRS-Reconciliation of Profit Reported Under AGAAP to Profit Under AIFRS as at 30 June 2005

Consolidated

	Previous GAAP $'000	Effect of Transition to Australian Equivalents to IFRS $'000	Australian Equivalents to IFRS $'000
Revenues from ordinary activities	35,267	(348)	34,919
Other revenue	229	-	229
	35,496	(348)	35,148
Employee benefits expense	(19,196)	(1,666)	(20,862)
Depreciation and amortisation expense	(72)	-	(72)
Other expenses from ordinary activities	(2,516)	4	(2,512)
Profit from ordinary activities before income tax expense	13,712	(2,010)	11,702
Income tax expense relating to ordinary activities	(4,000)	8	(3,992)
Profit from ordinary activities after related income tax expense	9,712	(2,002)	7,710
Profit for the year			
Profit attributable to minority equity interests	573	-	573
Profit attributable to members of the parent entity	9,139	(2,002)	7,137

Parent Entity

	Previous GAAP $'000	Effect of Transition to Australian Equivalents to IFRS $'000	Australian Equivalents to IFRS $'000
Revenues from ordinary activities	1,085	-	1,085
Other expenses from ordinary activities	(22)	-	(22)
Profit from ordinary activities before income tax expense	1,063	-	1,063
Income tax expense relating to ordinary activities	(35)	-	(35)
Profit from ordinary activities after related income tax expense	1,028	-	1,028
Profit attributable to members of the parent entity	1,028	-	1,028

29. First Time Adoption of AIFRS Reconciliation of Equity as at 1 July 2004

Reconciliation of Equity at 1 July 2004 Group Entity

	Note	Previous GAAP at 1 July 2004 $000	Adjustment $000	Australian Equivalents to IFRS at 1 July 2004 $000
Assets				
Current assets				
Cash and cash equivalents		6,042	-	6,042
Trade and other receivables		4,450	-	4,450
Other		313	1,434	1,747
Total current assets		10,805	1,434	12,239
Non-current assets				
Trade and other receivables		3,744	-	3,744
Property, plant and equipment		2,260	-	2,260
Deferred tax assets	31(a)	274	(8)	266
Other non-current assets		684	-	684
Total non-current assets		6,962	(8)	6,954
Total assets		17,767	1,426	19,193
Current liabilities				
Trade and other payables		1,566	164	1,730
Current tax liabilities		18	-	18
Short-term provisions		814	(190)	624
Total current liabilities		2,398	(26)	2,372
Non-current liabilities				
Trade and other payables		1	-	1
Deferred tax liabilities	31(a)	100	430	530
Financial Liabilities		-	28	28
Long-term provisions		-	-	-
Total non-current liabilities		101	458	559
Total liabilities		2,499	432	2,931
Net assets		15,268	994	16,262
Equity				
Issued capital		28	(28)	-
Retained earnings	31(c)	14,695	1,022	15,717
Parent interest		14,723	994	15,717
Minority equity interest		545	-	545
Total equity		15,268	994	16,262

Reconciliation of Equity at 1 July 2004 Parent Entity

	Previous GAAP at 1 July 2004 $000	Adjustment $000	Australian Equivalents to IFRS at 1 July 2004 $000
Assets			
Current assets			
Cash and cash equivalents	247	-	247
Total current assets	247	-	247
Non-current assets			
Trade and other receivables	4,697	-	4,697
Property, plant and equipment	1,652	-	1,652
Other non-current assets	534	-	534
Total non-current assets	6,883	-	6,883
Total assets	7,130	-	7,130
Current liabilities			
Short-term provisions	18	-	18
Total current liabilities	18	-	18
Non current liabilities			
Other	1	-	1
Total non-current liabilities	1	-	1
Total liabilities	19	-	19
Net assets	7,111	-	7,111
Equity			
Issued capital	-	-	-
Retained earnings	7,111		7,111
Total equity	7,111	-	7,111

30. First Time Adoption of AIFRS Reconciliation of Equity as at 30 June 2005

Reconciliation of Equity at 30 June 2005 Group Entity

	Note	Previous GAAP at 30 June 2005 $000	Adjustment $000	Australian Equivalents to IFRS at 30 June 2005 $000
Assets				
Current assets				
Cash and cash equivalents		5,674	-	5,674
Trade and other receivables		7,432	-	7,432
Other current assets		269	1,737	2,006
Total current assets		13,375	1,737	15,112
Non current assets				
Trade and other receivables		6,482	-	6,482
Property, plant and equipment		2,234	-	2,234
Deferred tax assets	31(a)	377	92	469
Other non-current assets		2,060	-	2,060
Total non-current assets		11,153	92	11,245
Total assets		24,528	1,829	26,357
Current liabilities				
Trade and other payables		2,210	-	2,210
Current tax liabilities		25	-	25
Short-term provisions		1,130	(265)	865
Other current liabilities		-	571	571
Total current liabilities		3,365	306	3,671
Non current liabilities				
Payables		4	-	4
Provisions		126	-	126
Deferred tax liabilities	31(a)	23	498	521
Other		-	37	37
Total non-current liabilities		153	535	688
Total liabilities		3,518	841	4,359
Net assets		21,010	988	21,998
Equity				
Issued capital		37	(37)	-
Retained earnings	31(c)	20,284	1,025	21,309
Parent interest		20,321	988	21,309
Minority equity interest		689	-	689
Total equity		21,010	988	21,998

Reconciliation of Equity at 30 June 2005 Parent Entity

	Previous GAAP at 1 July 2004 $000	Adjustment $000	Australian Equivalents to IFRS at 1 July 2004 $000
Assets			
Current assets			
Cash and cash equivalents	6	-	6
Total current assets	6	-	6
Non-current assets			
Trade and other receivables	4,347	-	4,347
Property, plant and equipment	1,651	-	1,651
Other non-current assets	1,912	-	1,912
Total non-current assets	7,910	-	7,910
Total assets	7,916	-	7,916
Current liabilities			
Current tax liabilities	26	-	26
Total current liabilities	26		26
Non-current liabilities			
Trade and other payables	1	-	1
Total non-current liabilities	1	-	1
Total liabilities	27	-	27
Net assets	7,889	-	7,889
Equity			
Issued capital	-	-	-
Retained earnings	7,889	-	7,889
Total equity	7,889	-	7,889

31. Notes to the Reconciliations of Equity and Income Statements as at 1 July 2004 and 30 June 2005

	30 June 2005 $'000	1 July 2004 $'000
(a) Deferred tax adjustments comprise:		
Group Companies		
Deferred tax assets adjustments	92	(8)
Deferred tax liabilities adjustment	(498)	(430)
Total	(406)	(438)
(b) Adjustments to tax assets consist of:		
Group Companies		
Employee provisions	92	(8)
Revenue recognition	(498)	(430)
	(406)	(438)
(c) Adjustments to retained earnings comprise:		
Group Companies		
Revenue recognition	1,166	1,270
Employee expenses	265	190
Tax effects	(406)	(438)
	1,025	1,022

Employee provision adjustments have arisen on the adoption of AASB119 Employee Benefits. Revenue Recognition adjustments have arisen as a result of the adoption of the recognition criteria as prescribed under AIFRS.

32. Events Occurring After Balance Date

No matter or circumstance has arisen since 30 June 2006 that has significantly affected, or may significantly affect:

(a) the consolidated entity's operations in future financial years;

(b) the results of those operations in future financial years; and

(c) the consolidated entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

(1) In the opinion of the Directors of DWS Advanced Business Solutions Limited ('the Company'):

(a) the financial statements and notes, set out on pages 34 to 59 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2006 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date;

(ii) complying with Accounting Standards in Australia 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.

(2) There are reasonable grounds to believe that the Company and the controlled entities identified in Note 23 will be able to meet any obligations or liabilities to which they are or may become subject.

(3) The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2006.

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

Harvey Parker
Director

Danny Wallis
Director

Signed at Melbourne this 12th day of September 2006.

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF DWS ADVANCED BUSINESS SOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

Grant Thornton

Scope

The Financial Report and Director's Responsibility

The financial report comprises the income statement, balance sheet, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for DWS Advanced Business Solutions Limited (the Company) and its Controlled Entities (the Consolidated Entity), for the year ended 30 June 2006. The Consolidated Entity comprises both the Company and the entities it controlled during the year.

As permitted by the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of Directors and Executives ('remuneration disclosures'), required by Accounting Standard AASB 124 Related Party Disclosures, under the heading 'remuneration report' in pages 21 to 24 of the Directors' report and not in the financial report.

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors also are responsible for preparation and presentation of the remuneration disclosures contained in the Directors' report in accordance with the *Corporations Regulations 2001*.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and that the remuneration disclosures in the Directors' report comply with Accounting Standard AASB 124. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows and whether the remuneration disclosures in the Directors' report comply with Accounting Standard AASB 124.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

INDEPENDENT AUDIT REPORT CONTINUED

TO THE MEMBERS OF DWS ADVANCED BUSINESS SOLUTIONS LIMITED AND ITS CONTROLLED ENTITIES

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the Auditor's Independence Declaration contained in the financial report has not changed as at the date of providing our audit opinion.

Audit Opinion

(1) In our opinion, the financial report of DWS Advanced Business Solutions Limited is in accordance with:

(a) the *Corporations Act 2001* including:

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia; and

(2) the remuneration disclosures that are contained in pages 21 to 24 of the Directors' report comply with Accounting Standard AASB 124.

Grant Thornton Audit (Vic) Pty Ltd
Authorised Audit Company

Simon Trivett
Director

Melbourne
September 2006

SHAREHOLDER INFORMATION

Range of Shares as at 31 August 2006

	Top Holders	Units	% Issued Capital
1–1000	24	20,696	0.02
1001–5,000	467	1,642,063	1.25
5,001–10,000	321	2,863,358	2.18
10,001–100,000	511	17,775,282	13.52
100,001–131,500,000	82	109,198,601	83.03
	1,405	131,500,000	100.00

Unmarketable Parcels as at 31 August 2006

	Minimum Parcel Size	Holders	Units
Minimum $500.00 at $1.22 per unit	410	1	200

Twenty Largest Shareholders as at 31 August 2006

	Name	Number of Ordinary Shares Held	% of Issued Shares
1	Mr Danny Wallis	54,014,937	41.08
2	National Nominees Limited	7,818,029	5.95
3	Westpac Custodian Nominee Limited	5,062,813	3.85
4	Fielding Johnston Pty Ltd	4,385,063	3.33
5	JP Morgan Nominees Pty Ltd	4,054,440	3.08
6	Brisport Nominees Pty Ltd	2,250,127	1.71
7	Cogent Nominee Pty ltd	2,050,606	1.56
8	UBS Nominees Pty ltd	1,908,881	1.45
9	Mr Stephen Williams	1,425,000	1.08
10	Invia Custodian Pty Limited White Account	1,321,500	1.00
11	ANZ Nominees Ltd	1,165,430	0.89
12	Thorney Investments Pty Ltd	1,128,500	0.86
13	Invia Custodian Pty Limited WAM Capital Limited	1,085,000	0.83
14	Mr Warren Ritchie	940,050	0.71
15	Mr Jim Agelopoulos	888,899	0.68
16	Wine Investment Fund Pty Ltd	884,000	0.67
17	Contango Nominees Pty Limited	835,300	0.64
18	Mr John Ornsby	764,601	0.58
19	Mr Glenn Mafodda	683,318	0.52
20	Citicorp Nominees	652,000	0.50
		93,318,494	70.97

CORPORATE DIRECTORY

Registered Office/Head Office (Melbourne)

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Telephone +61 3 9650 9777
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Website www.dws.com.au

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Company Secretary

Vivian Clark

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