



nvoi

NVOI LTD
ABN 29 107 371 497

Interim Report For the Half Year ended

31 DECEMBER 2017

Appendix 4D

Results for announcement to the market

		31 December 2017	31 December 2016
		\$	\$
Gross platform billings	Up 2,722%	927,987	32,884
Net platform income	Up 2,382%	52,628	2,120
Total revenues (refer note 3 in the financial statements - includes net platform income plus the R&D tax offset scheme)	Down 82.5%	210,000	1,199,519
Loss from ordinary activities after tax attributable to shareholders	Down 9.3%	(1,743,729)	(1,922,048)
Net loss for the period attributable to shareholders	Down 9.3%	(1,743,729)	(1,922,048)

No dividends have been declared for the reporting period.

	31 December 2017	31 December 2016
	cents	cents
NTA Backing		
Net tangible asset backing per ordinary share	0.74	1.65

Commentary

Refer to the attached announcement.

Director's Report

Your directors present their report on the consolidated entity of Nvoi Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of Nvoi Limited during the whole of the half-year and up to the date of this report (unless otherwise stated):

Andrew Dutton	Non-Executive Chairman
Jennifer Maritz	Executive Director and Group CEO
Pamela Cass	Non-Executive Director
Alec Bashinsky	Non-Executive Director
Tim Ebbeck	Non-Executive Director (resigned effective 31 August, 2017)

Principal activities

The primary activity in the period under review was the development of an advanced Talent-On-Demand cloud-based Platform ("The Platform") that delivers a scalable and flexible approach to securing and managing top talent for on-site, non-permanent work assignments in, typically, white-collar job roles, and for workers to promote themselves to access contingent assignment work.

Review of Operations

The half year ended December 2017 represents a break-out period for the Company's operations.

- Total companies registered on the platform totalled 753, a 15% increase on June 2017 (654 company registrations) and includes blue chip companies such as Specsavers, The Iconic, Australian Grand Prix, BDO and many more;
- Total jobs posted to date totalled 364, a 41% increase on June 2017 (258 jobs posted to date).
- A total of over 14,000 candidates are currently registered with the Platform and the Company has been focused on increased engagement by these candidates. By December 2017, the number of contractors 'ready for hire' totalled 3,757, a 25% increase on June 2017 (2,997 contractors 'ready for hire');
- The Nvoi independent contractors Platform generated 17,600 billable hours as compared to 860 billable hours the previous half year;
- Platform gross billings totalled \$927,987, a 2,068% increase on the previous half year (\$42,795) and a 2,722% increase on the corresponding period the previous year (\$32,884);

During the half year under review, the Nvoi platform expanded into Brisbane with its first corporate client in the region, Bank of Queensland. Nvoi is now building skills exchanges (pools of talent) in Sydney, Melbourne and Brisbane, focusing on areas where it has had the most traction and support to date, namely Financial Services, Media and Communications, and Professional Services. Each of these industries already has large contractor workforces and Nvoi is able to offer new digitised benefits to these independent contractors and hiring managers at greater speed and lower cost.

Revenues totalled \$210,000 for the half year FY18 as compared to \$1,199,519 for the corresponding period the previous year. These totals are influenced by the Company's revenue recognition policy (under AASB 15) that only recognises Platform net income, as well as the quantum of Research and Development benefits received from the Australian federal government (\$128,413 in 1H FY18 versus \$1,154,988 in 1H FY17). Excluding these research and development benefits, total Revenues increased by 83% to \$81,587 as compared to \$44,531 the previous year.

Nvoi Limited Interim Report for the half year ended 31 December 2017

As the Company transitions from its Research and Development phase to its Sales and Marketing phase, the Company will continue to incur operating losses as it continues to invest in growth. In the half year ended December 2017, operating losses after tax totalled \$1,743,729, a 26% improvement on the previous half year (operating losses of \$2,358,033) and a 9.3% improvement on the corresponding period the previous year (operating losses of \$1,922,048).

In October, an additional \$1 million in funding was received from an existing shareholder, providing additional working capital for Nvoi's ongoing sales and marketing activities. This resulted in cash on hand at 31 December 2017 being \$3,005,148 as compared to a balance of \$3,441,914 at 30 June 2017.

Dividends

No dividends were declared or paid during the half year ended December 2017. No recommendation of dividend has been made.

Matters subsequent to the end of the financial period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial periods.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of directors.



Andrew Dutton
Chairman
20 February 2018

Auditors Independence Declaration

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

20 February 2018

Board of Directors
Nvoi Limited
Suite 402
110 Walker Street
North Sydney NSW 2060

Dear Directors

RE: NVOI LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Nvoi Limited.

As Audit Director for the review of the financial statements of Nvoi Limited for the six months ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

Statement of profit or loss and other comprehensive income

For the half year ended 31 December 2017

	Note	Consolidated	
		31 December 2017	31 December 2016
		\$	\$
Continuing Operations			
Platform billings for the period		927,987	32,884
Cost of services		(875,359)	(30,764)
Net platform income	3	52,628	2,120
Research & development tax offset scheme	3	128,413	1,154,988
Interest Income	3	23,964	38,760
Other Income	3	4,995	3,651
Expenses			
Employee benefits expense		(429,133)	(551,471)
Share based payment expense		(31,934)	(45,662)
Sales and marketing expense		(548,187)	(226,800)
Research and development		(591,296)	(1,590,755)
Occupancy costs		(121,594)	(115,369)
Finance and administration		(225,957)	(499,949)
Depreciation, amortisation and impairment		(5,628)	(80,850)
Other expenses		-	(10,711)
Loss before income tax		(1,743,729)	(1,922,048)
Income tax expense		-	-
Loss after tax		(1,743,729)	(1,922,048)
Other comprehensive income for the half year			
Other comprehensive Income		-	-
Total comprehensive loss for the half year		(1,743,729)	(1,922,048)
Total comprehensive loss attributable to owners of Nvoi Ltd		(1,743,729)	(1,922,048)
		Cents	Cents
Basic (loss) per share	4	(0.45)	(0.51)
Diluted (loss) per share	4	(0.45)	(0.51)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2017

		Consolidated	
	Note	31 December 2017	30 June 2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		3,005,148	3,441,914
Trade and other receivables	6	203,320	654,447
Other assets		78,029	30,353
Total current assets		3,286,497	4,126,714
Non-current assets			
Property, plant and equipment		28,738	29,072
Other non-current assets		93,101	93,101
Total non-current assets		121,839	122,173
Total assets		3,408,336	4,248,887
Liabilities			
Current Liabilities			
Trade and other payables		253,932	320,401
Provisions		66,363	62,658
Total current liabilities		320,295	383,059
Total liabilities		320,295	383,059
Net Assets		3,088,041	3,865,828
Equity			
Issued capital	7	16,023,954	15,089,946
Share based payment reserve		81,588	49,654
Accumulated losses		(13,017,501)	(11,273,772)
Total equity		3,088,041	3,865,828

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

Statement of Changes in Equity

For the half year ended 31 December 2017

	Issued capital \$	Share based payment reserve \$	Accumulated losses \$	Total Equity \$
Consolidated				
Balance at 1 July 2016	15,083,174	-	(6,993,691)	8,089,483
Loss for the half year	-	-	(1,922,048)	(1,922,048)
Total comprehensive loss for the half year	-	-	(1,922,048)	(1,922,048)
Transactions with owners in their capacity as owners				
Share based payment – employees	-	45,662	-	45,662
Shares issued during the period	10,000	-	-	10,000
Shares raising costs	(3,228)	-	-	(3,228)
Total transactions with owners in their capacity as owners	6,772	45,662	-	52,434
Balance at 31 December 2016	15,089,946	45,662	(8,915,739)	6,219,869
	Issued capital \$	Share based payment reserve \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2017	15,089,946	49,654	(11,273,772)	3,865,828
Loss for the half year	-	-	(1,743,729)	(1,743,729)
Total comprehensive loss for the half year	-	-	(1,743,729)	(1,743,729)
Transactions with owners in their capacity as owners				
Share based payment – employees	-	31,934	-	31,934
Shares issued during the period	1,000,000	-	-	1,000,000
Shares raising costs	(65,992)	-	-	(65,992)
Total transactions with owners in their capacity as owners	934,008	31,934	-	965,942
Balance at 31 December 2017	16,023,954	81,588	(13,017,501)	3,088,041

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

Statement of Cash Flows

For the half year ended 31 December 2017

	Consolidated	
	31 December 2017	31 December 2016
	\$	\$
Cash flows from operating activities		
Receipts from customers	969,730	36,173
Payments to suppliers and employees	(3,009,740)	(3,150,238)
Research and development tax offset income	643,290	-
Interest received	29,744	37,036
Net cash (used in) operating activities	(1,366,976)	(3,077,029)
Cash flows from investing activities		
Payments for plant and equipment	(3,798)	(24,872)
Net cash (used in) investing activities	(3,798)	(24,872)
Cash Flows from financing activities		
Proceeds from issue of shares, net of costs	934,008	(657,427)
Repayment of borrowings	-	(236,527)
Net cash (used in) / provided by financing activities	934,008	(893,954)
Net (decrease) in cash and cash equivalents	(436,766)	(3,995,855)
Cash and cash equivalents at the beginning of the half year	3,441,914	9,535,063
Cash and cash equivalents at the end of the half year	3,005,148	5,539,208

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

Notes to the Financial Statements

For the Half Year ended 31 December 2017

Note 1: Basis of Preparation

This interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Nvoi Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in these interim financial statements are consistent with those adopted in Nvoi Limited's annual financial report for the year ended 30 June 2017, except for the changes below.

(a) Going concern basis of preparation

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. With the consolidated business operating at a loss, there is material uncertainty related to events or conditions that give rise to the entity's ability to continue as a going concern. Management plan to raise funds from existing or new shareholders in the form of additional capital raisings, and continually maintain sufficient cash and realisable assets to cover all anticipated entity operating costs and liabilities in the normal course of business, for a period of 12 months or more.

(b) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(c) Impact of standards issued but not yet applied by the entity

AASB 16 Leases

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. However, the group has not yet determined to what extent future commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and

Nvoi Limited Interim Report for the half year ended 31 December 2017

some commitments may relate to arrangements that will not qualify as leases under AASB 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

Note 2: Operating segments

The consolidated entity currently only has a single operating segment being the development of the advanced Talent-On-Demand cloud-based platform. The consolidated entity operations and assets are all primarily located in Australia.

Note 3: Revenue

	Half Year 2017	Half Year 2016
	\$	\$
Net platform revenue	52,628	2,120
Research & development tax offset scheme		
FY 2018	128,413	-
FY 2017	-	395,125
FY 2016	-	759,863
Interest Income	23,964	38,760
Other Income	4,995	3,651
Total Revenue	210,000	1,199,519

Note 4: Loss per share

	Half Year 2017	Half Year 2016
	\$	\$
Loss after income tax attributable to the owners of Nvoi Ltd	(1,743,729)	(1,922,048)

	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	390,912,158	376,421,690
Weighted average number of ordinary shares used in calculating diluted loss per share	390,912,158	376,421,690

Note 5: Dividends

No interim dividend is proposed.

Note 6: Current assets – Trade and other receivables

	31 December 2017 \$	30 June 2017 \$
Refundable R&D income tax benefits:		
FY 2018 (half year)	128,413	-
FY 2017 (full year)	-	643,290
Other	74,907	11,157
	203,320	654,447

(a) Refundable R&D income tax benefits are refunds received from government within 30 days after finalisation of the group's income tax returns. The FY 2018 refund is expected during the third quarter of calendar 2018.

Note 7: Equity Securities Issued

	31 December 2017 6 months No.	30 June 2017 12 months No.	31 December 2017 6 months \$	30 June 2017 12 months \$
Balance at beginning of financial period/year	376,489,081	376,289,081	15,089,946	15,083,174
Conversion of options	-	200,000	-	10,000
Shares issued during the period	38,461,538	-	1,000,000	
Transaction costs relating to share issues	-	-	(65,992)	(3,228)
Balance at the end of financial period/year	414,950,619	376,489,081	16,023,954	15,089,946

Note 8: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 9: Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect 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' Declaration

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 11 are in accordance with the Corporations Act 2001, including
 - (i) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Nvoi Limited will be able to pay its debts as and when they become due and payable.

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



Andrew Dutton
Chairman
20 February 2018

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
NVOI LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nvoi Limited, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Nvoi Limited (the consolidated entity). The consolidated entity comprises both Nvoi Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Nvoi Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Nvoi Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Stantons International

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Nvoi Limited on 20 February 2018.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

Material Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 1(a) to the half-year financial report, the financial report has been prepared on a going concern basis. As at 31 December 2017, the Group had working capital of \$2,966,202 and had incurred a loss for the year of \$1,743,729. The ability of the Group to continue as a going concern is subject to further capital raisings being undertaken or commencement of profitable operations. In the event that the Group is not successful in raising further funds, the Group may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
20 February 2018