

Nvoi

Nvoi Limited
ABN 29 107 371 497

Interim report for the half year ended

31 DECEMBER 2018



Appendix 4D

Results for announcement to the market

	31 December 2018 \$	% Change from half year ended 31 December 2017	31 December 2017 \$
Revenues from ordinary activities	118,689	Down 43.5%	210,000
Platform revenue (net fees received in accordance with AASB 15)	7,378	Down 86.0%	52,628
Research and development tax offset scheme	87,013	Down 32.2%	128,413
Interest and other income	24,298	Down 16.1%	28,959
Loss from ordinary activities after tax attributable to the owners of Nvoi Limited	(871,392)	Down 50.0%	(1,743,729)
Loss for the year attributable to the owners of Nvoi Limited	(871,392)	Down 50.0%	(1,743,729)

No dividends have been declared for the reporting period.

	31 December 2018 cents	31 December 2017 cents
NTA Backing		
Net tangible asset backing per ordinary share	0.11	0.74

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 2018.

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

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

During the half-year to December 2018, Platform billings reduced from the previous year which included a one-time event when Nvoi's flexible contractor workforce model supported an organisation leading up to their listing. Excluding this one-time event, Platform billings increased 230% to \$273,073 as compared to \$82,630 in the previous half year.

We continue to see use by the SME market but have yet to see scalable adoption by Corporates. HR Transformation has become more topical, with numerous articles tabled every week on different topics associated with the future of work. Whilst there has certainly been an increase in "chatter" about the need for HR transformation, Nvoi is not observing any increased prioritisation nor execution of these transformative strategies.

During the period, and aligned with moderate billings, Nvoi successfully executed on its own shift to a flexible workforce thereby creating its own use case and enabling the significant 50% reduction in operational expenditure.

Given the challenges of direct corporate engagement, Nvoi shifted its sales strategy to selling software as a service (SaaS) to large users of contract labour for their own internal use such as recruiters, labour hire companies and the Government. This partly solves the speed to hire challenge and removes bias, whilst retaining relationships and leveraging the knowledge database that is building over time.

Nvoi now offers the opportunity for companies to establish pre-vetted, "ready to work" independent contractors to enable a truly "on-demand" hiring process, and through the use of our proprietary algorithms, ensure quality of skills and wages transparency.

Partnerships

Nvoi continues to work with IBM to integrate selected software with Nvoi's platform and provide better value. The current focus is to use IBM's Watson AI and machine learning tools to further strengthen the quality of matches and to ensure the best person for the role every time.

Nvoi Limited Interim Report for the half year ended 31 December 2018

Looking forward

The business problem Nvoi solves, ie supporting the shift to a flexible workforce through enabling “on demand” hiring, remains. The impact of scarce skills and changing workforce demands will need to be addressed. We are witnessing actions within larger organisations who are creating their own labour hire entities and who need the technology to support their operations. Soon these organisations will take the leap and change their business processes to utilise the lower cost of having flexible workforces and accommodate workers wanting more control and flexibility.

We are confident Nvoi’s Platform is robust and stable to meet the digital needs of contractors and companies alike ensuring a true on demand hiring model with the right quality of skills for rates charged.

We continue to build the sales pipeline to generate the volume needed to prove the value of the application. As these discussions progress, funding challenges become more real, and will need to be addressed.

Dividends

No dividends were declared or paid during the half year ended December 2018. No recommendation of dividend has been made.

Matters subsequent to the end of the financial period

The Non-Executive Directors have agreed to waive all fees effective from the end of January 2019.

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.



Andrew Dutton

Chairman

28 February 2019

Auditors Independence Declaration

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International

Chartered Accountants and Consultants

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28 February 2019

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 2018, 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 2018

		Consolidated	
	Note	31 December 2018	31 December 2017
		\$	\$
Continuing Operations			
Platform billings for the period		273,073	927,987
Platform expense for independent contractors		(265,695)	(875,359)
Net platform income	3	7,378	52,628
Research & development tax offset scheme	3	87,013	128,413
Interest Income	3	5,442	23,964
Other Income	3	18,856	4,995
Expenses			
Employee benefits expense		(139,902)	(429,133)
Share based payment expense		(7,998)	(31,934)
Sales and marketing expense		(334,417)	(548,187)
Research and development		(236,063)	(591,296)
Occupancy costs		(125,734)	(121,594)
Finance and administration		(136,398)	(225,957)
Depreciation, amortisation and impairment		(9,569)	(5,628)
Loss before income tax		(871,392)	(1,743,729)
Income tax expense		-	-
Loss after tax		(871,392)	(1,743,729)
Other comprehensive income for the half year			
Other comprehensive Income		-	-
Total comprehensive loss for the half year		(871,392)	(1,743,729)
Total comprehensive loss attributable to owners of Nvoi Ltd		(871,392)	(1,743,729)
			Cents
Basic (loss) per share	4	(0.21)	(0.45)
Diluted (loss) per share	4	(0.21)	(0.45)

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 2018

		Consolidated	
	Note	31 December 2018	30 June 2018
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		380,481	1,130,192
Trade and other receivables	6	106,593	291,228
Other assets		108,469	37,772
Total current assets		595,543	1,459,192
Non-current assets			
Property, plant and equipment		13,618	23,186
Other non-current assets		-	93,101
Total non-current assets		13,618	116,287
Total assets		609,161	1,575,479
Liabilities			
Current Liabilities			
Trade and other payables		81,729	163,943
Provisions		64,396	85,106
Total current liabilities		146,125	249,049
Total liabilities		146,125	249,049
Net Assets		463,036	1,326,430
Equity			
Issued capital	7	16,023,954	16,023,954
Share based payment reserve		134,160	126,162
Accumulated losses		(15,695,078)	(14,823,686)
Total equity		463,036	1,326,430

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 2018

	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
Consolidated				
Balance at 1 July 2018	16,023,954	126,162	(14,823,686)	1,326,430
Loss for the half year	-	-	(871,392)	(871,392)
Total comprehensive loss for the half year	-	-	(871,392)	(871,392)
Transactions with owners in their capacity as owners				
Share based payment – employees	-	7,998	-	7,998
Total transactions with owners in their capacity as owners	-	7,998	-	7,998
Balance at 31 December 2018	16,023,954	134,160	(15,695,078)	463,036

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 2018

	Consolidated	
	31 December 2018	31 December 2017
	\$	\$
Cash flows from operating activities		
Receipts from customers	342,150	969,730
Payments to suppliers and employees	(1,325,147)	(3,009,740)
Research and development tax offset income	229,111	643,290
Interest received	4,175	29,744
Net cash (used in) operating activities	(749,711)	(1,366,976)
Cash flows from investing activities		
Payments for plant and equipment	-	(3,798)
Net cash (used in) investing activities	-	(3,798)
Cash Flows from financing activities		
Proceeds from issue of shares, net of costs	-	934,008
Repayment of borrowings	-	-
Net cash provided by financing activities	-	934,008
Net (decrease) in cash and cash equivalents	(749,711)	(436,766)
Cash and cash equivalents at the beginning of the half year	1,130,192	3,441,914
Cash and cash equivalents at the end of the half year	380,481	3,005,148

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 2018

Note 1: Basis of Preparation

This interim financial report for the half-year reporting period ended 31 December 2018 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 2018 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 2018.

(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 2018

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 2018	Half Year 2017
	\$	\$
Platform revenue	7,378	52,628
Research & development tax offset scheme		
FY 2019	87,013	-
FY 2018	-	128,413
Interest Income	5,442	23,964
Other Income	18,856	4,995
Total Revenue	118,689	210,000

Note 4: Loss per share

	Half Year 2018	Half Year 2017
	\$	\$
Loss after income tax attributable to the owners of Nvoi Ltd	(871,392)	(1,743,729)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	414,950,619	390,912,158
Weighted average number of ordinary shares used in calculating diluted loss per share	414,950,619	390,912,158

Note 5: Dividends

No interim dividend is proposed.

Note 6: Current assets – Trade and other receivables

	31 December 2018 \$	30 June 2018 \$
Refundable R&D income tax benefits:		
FY 2019 (half year)	87,013	-
FY 2018 (full year)	-	229,111
Other	19,580	62,117
	106,593	291,228

(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 2019 refund is expected during the third quarter of calendar 2019.

Note 7: Equity Securities Issued

	31 December 2018 6 months No.	30 June 2018 12 months No.	31 December 2018 6 months \$	30 June 2018 12 months \$
Balance at beginning of financial period/year	414,950,619	376,489,081	16,023,954	15,089,946
Shares issued during the period	-	38,461,538	-	1,000,000
Transaction costs relating to share issues	-	-	-	(65,992)
Balance at the end of financial period/year	414,950,619	414,950,619	16,023,954	16,023,954

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 2018 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
28 February 2019

Stantons International Audit and Consulting Pty Ltd
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**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 2018, 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 2018 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 28 February 2019.

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 2018 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 2018, the Group had working capital of \$449,418 and had incurred a loss for the half year to 31 December 2018 of \$871,392. The ability of the Group to continue as a going concern is subject to further capital raisings being undertaken and/or commencement of profitable operations. In the event that the Group is not successful in raising further funds or commencing profitable operations, 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
28 February 2019