

Appendix 4E (Rule 4.3A)

Preliminary Final Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Reporting Period	30 June 2017
Previous Corresponding Reporting Period	30 June 2016

Results for the announcement to the market

	\$	Percentage increase / (decrease) over previous corresponding period.
Revenue from ordinary activities (continuing operations)	10,701,363	(9.3%)
Profit from ordinary activities after tax (continuing operations)	89,359	(46.3%)
Profit from ordinary activities after tax for the period attributable to members	89,359	(46.3%)
Net Profit for the period attributable to members		
Dividends / (Distributions)	Amount Per Security	Franked amount per security at 30% tax rate
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for the determining entitlements to the dividends (if any):	Not Applicable	

Brief Explanation of any of the figures reported above necessary to enable the figures to be understood:

During the year under review, the Company executed its FY17 strategy as planned, whereby, it returned to holding a supplier of choice position in government, commercial and healthcare segments with significant wins achieved from previous customers. This positioning was achieved through customer service and premium account management strategies.

The company improved manufacturing processes allowing delivery outcomes to be above 98% on time, which has also enabled the company to strengthen relationships, reliability and reputation within the market.

Regrettably, the Company was unable to finalise expected orders that the team had worked on diligently for both Gregory and Inventis Technology during the last quarter 2017. This contributed to most of the shortfall in sales as compared to FY16 and the earnings derived from these orders adversely affected the result. Some of these orders have since been confirmed and received in quarter 1 of FY18. This being part of the nature of contract work with large government departments and other customers.

The completion of international supply agreement negotiations in the divisions of Technology, Commercial Furniture and Opentec now places the company in a better position to improve profits throughout the FY18 period, in accord with the FY17 plan.

The organisation has also executed its sales growth plan commencing FY18 with the appointment of a National Sales Manager and National Channel Manager for the Commercial Furniture division; and the expansion of product offering to incorporate a total office fit-out solution for clients, in addition to our core ergonomic seating range.

The above initiatives enabled maintenance of profitability, and provided the Company with the solid foundation required to now expand and invest in the sales component of the business, as planned for the FY18 period and to enable it to continue the execution of its 5-year growth strategy.

Technology Division

The Technology Division's revenue for the year ended 30 June 2017 was \$3.46m as compared to \$3.52m for the previous financial year. EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for the year was \$2.76m.

Expanded opportunities within Opentec and stronger partner relationships places the division in a positive position within Australia and Internationally, securing several large defence style contracts to be delivered throughout the year ahead and in cases securing multiple year arrangements.

Forecasts for this division provide continued growth over the coming 12 months.

Furniture Division

The Furniture Division's continuing operations revenue for the year ended 30 June 2016 was \$7.24m as compared to \$8.27m for the previous financial year. EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for the year was \$3.86m. The decline in revenue was caused by the delay in the execution of the FY17 sales plan, which is now underway with the recent national sales and channel management appointments.

Corporate and Shared Services

During the current financial year, the business shared services controlled and managed major costs for the Group with regard to facilities, payroll and corporate statutory obligations including Board, audit, accounting, compliance and insurance. EBITDA from this shared service is a loss of \$5.6m

Events Subsequent to the Reporting Date

Mr Garry Valenzisi, General Manager, resigned 7 August 2017, with his last day being 1 September 2017. Work is underway to employ a suitable replacement. As previously announced the group focus will be on sales and channel marketing development opportunities along with improved process driven outcomes. The team remains confident that the sales outcomes will be improved in FY18.

On 25 August 2017, Inventis Technology's Opentec was confirmed as a preferred supplier on large Government projects. Gregory Furniture has received confirmation that additional Government Department tenders have been accepted for supply in first quarter FYR18.

The Company has employed Mr Spencer Trusler as National Sales Manager, effective 4th September 2017 and Mr Tim Kapustin as National Channel Manager, effective 15 August 2017.

This week, the Company arranged new finance facilities with THNCA, one of our current financiers, to provide enhanced facilities and extra headroom of \$1M. This will allow the Company to accommodate the extra sales volume expected in FYR18.

Future Outlook

The next 12 month period across the group is expected to yield consolidated revenue growth of approximately 15%.

With strong open order books in place across Opentec and Inventis Technology; significantly improved revenue opportunity internationally and improved buying capability to allow a more competitive solutions approach to be taken to the market; an improved sales agent experience base and national sales management now in place, we find ourselves in the planned position for the second half of FY17, at the commencement of FY18.

The Board, in conjunction with executive management, is accelerating the execution of planned strategies to grow profitability for the year ending 30 June 2018 by:

1. Filling key sales and management positions;
2. Increasing our commitment to Gregory Commercial Furniture distributor channel management;

3. Ensuring that manufacturing, operations and customer service continue to improve upon the outstanding performance increases obtained in FY17;
4. Continuing to invest and expand our Inventis Technology's engineering division to enable continued development of new innovative concepts to be taken to market;
5. Expanding our technology innovation and development to incorporate the area of road and rail safety in partnership with major industry bodies;
6. Continuing to execute a national procurement strategy and outsourced manufacturing back into the Company's operations to enhance the reliability and quality of both components and finished product; the appointment of specialised manufacturing procurement staff allows further improvement and development throughout the year ahead;
7. Launching a new website and other computer and mobile phone driven initiatives to drive customer engagement and attraction for all divisions;
8. Strengthening the balance sheet through long term funding and asset management;
9. Supporting and further developing a national employee cross training matrix to ensure coverage of all key positions; and
10. Having our Gregory Commercial Furniture Division continue to develop relationships with leading Australian retailers to further augment our position as a leader in the market.

Financial Summary

The Preliminary consolidated results for the financial year ended 30 June 2017 are:

	Actual 2017	Actual 2016
	\$	\$
Sales –Operating	10,701,363	11,794,817
NPAT / (Loss)	89,359	166,728

Dividends

Date the dividend is payable	n/a
Record date to determine entitlement to the dividend	n/a
Amount per security	n/a
Total dividend	n/a
Amount per security of foreign sourced dividend or distribution	n/a
Details of any dividend reinvestment plans in operation	n/a
The last date for receipt of an election notice for participation in dividend reinvestment plans	n/a

NTA Backing	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	(0.5c)	(0.5c)

Other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

Details of entities over which control has been gained or lost during the period:

Name of the entity / entities	N/A

Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects:		
	Consolidated	
	2017	2016
Basic and diluted earnings / (loss) per share	0.01c	0.03c
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	598,445,084	598,173,281
Earnings / (loss) used to calculate earnings per share	89,359	166,728
Returns to shareholders including distributions and buy backs: <ul style="list-style-type: none"> n/a 		
Significant features of operating performance: <ul style="list-style-type: none"> Refer to the comments above 		
The results of segments that are significant to the understanding of the business as a whole: <ul style="list-style-type: none"> Refer to segment note 		
Discussion of trends in performance: <p>Please refer to commentary above</p>		
Any other factors which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified: <p>Please refer to commentary above</p>		







Audit / Review Status

This report is based on accounts to which one of the following applies:

The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	X	The accounts have not yet been audited or reviewed	

<p>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</p> <ul style="list-style-type: none"> Not applicable
<p>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</p> <ul style="list-style-type: none"> Not applicable

Attachments Forming Part of Appendix 4E

Attachment #	Details						
1	Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows, Summary of Significant Accounting Policies Note, Segment Reporting Note and Capital and Reserves Note.						
<table> <tr> <td> Signed by Director:  </td><td> Signed by Non Executive Director:  </td></tr> <tr> <td>Name: Tony H Noun</td><td>Name: Anthony Mankarios</td></tr> <tr> <td>Date: 31 August 2017</td><td>Date: 31 August 2017</td></tr> </table>		Signed by Director: 	Signed by Non Executive Director: 	Name: Tony H Noun	Name: Anthony Mankarios	Date: 31 August 2017	Date: 31 August 2017
Signed by Director: 	Signed by Non Executive Director: 						
Name: Tony H Noun	Name: Anthony Mankarios						
Date: 31 August 2017	Date: 31 August 2017						

Inventis Limited and its Controlled Entities
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2017

	Consolidated Entity	
	2017	2016
Continuing Operations		
Revenue	10,701,363	11,794,817
Cost of sales	(4,912,798)	(6,069,342)
Gross profit	<u>5,788,565</u>	<u>5,725,475</u>
Other Income	878,885	594,791
Expenses		
Manufacturing & operation	(1,798,462)	(1,986,054)
Engineering & quality assurance	(511,156)	(464,773)
Administration	(1,566,366)	(1,479,028)
Sales and marketing	(2,025,646)	(1,627,663)
Results from operating activities	<u>765,820</u>	<u>762,748</u>
Financial income	24,420	55,255
Financial expenses	(700,881)	(651,275)
Net financing expense	<u>(676,461)</u>	<u>(596,020)</u>
Profit before income tax expense	89,359	166,728
Income tax benefit / (expense)	-	-
Profit from continuing operations	<u>89,359</u>	<u>166,728</u>
Profit for the year	<u><u>89,359</u></u>	<u><u>166,728</u></u>
Other Comprehensive Income		
Foreign currency translation differences for foreign operations – continuing operations	(19)	1,276
Total other comprehensive income for the year, net of income tax	(19)	1,276
Total comprehensive income for the year	<u><u>89,340</u></u>	<u><u>168,004</u></u>
Earnings per share		
Basic earnings per share	0.01c	0.03c
Diluted earnings per share	0.01c	0.03c
Continuing Operations		
Basic earnings per share	0.01c	0.03c
Diluted earnings per share	0.01c	0.03c

Inventis Limited and its Controlled Entities
Statement of Changes in Equity
For the year ended 30 June 2017

Consolidated Entity

	Attributable to Equity Holders of the Company				
	Share Capital	Revaluation Reserve	Foreign Currency Retranslation Reserve	Accumulated Losses	Total Equity
Balance 1 July 2015	32,579,575	-	(1,097,121)	(31,090,526)	391,928
Total Comprehensive income for the period	-	-	-	166,728	166,728
Profit for the period					
<i>Other comprehensive income</i>					
Foreign currency translation differences for foreign operations –continuing operations	-	-	1,276	-	1,276
Total other comprehensive loss for the period	-	-	1,276	-	1,276
<i>Total comprehensive loss for the period</i>	-	-	1,276	166,728	168,004
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Dividends	-	-	-	-	-
Other	-	-	-	1,291	1,291
Total contributions by and distributions to owners	-	-	-	1,291	1,291
Total transactions with owners	-	-	-	1,291	1,291
Balance as at 30 June 2016	32,579,575	-	(1,095,845)	(30,922,507)	561,223

Inventis Limited and its Controlled Entities
Statement of Changes in Equity
For the year ended 30 June 2017

<i>Consolidated Entity</i>	Attributable to Equity Holders of the Company				Total Equity
	Share Capital	Revaluation Reserve	Foreign Currency Retranslation Reserve	Accumulated Losses	
Balance 1 July 2016	32,579,575	-	(1,095,845)	(30,922,507)	561,223
Total Comprehensive income for the period					
Profit for the period	-	-	-	89,359	89,359
<i>Other comprehensive income</i>					
Foreign currency translation differences for foreign operations – continuing operations	-	-	(19)	-	(19)
Total other comprehensive income for the period	-	-	(19)	-	(19)
<i>Total comprehensive income for the period</i>	-	-	(19)	89,359	89,340
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of ordinary shares	-	-	-	-	-
Issue of convertible preference share	-	-	-	-	-
Convertible preference share dividends	-	-	-	-	-
Other	-	-	-	(2,057)	(2,057)
Total contributions by and distributions to owners	-	-	-	(2,057)	(2,057)
Total transactions with owners	-	-	-	(2,057)	(2,057)
Balance as at 30 June 2017	32,579,575	-	(1,095,864)	(30,835,205)	648,506

Inventis Limited and its Controlled Entities
Statement of Financial Position
As at 30 June 2017

	2017	Consolidated Entity 2016
Assets		
Cash and cash equivalents	403,143	442,312
Trade and other receivables	2,423,218	3,009,571
Inventories	2,419,963	2,381,224
Prepayments	13,963	35,610
Total current assets	5,260,287	5,868,717
Non-current assets		
Property, plant and equipment	325,922	394,185
Other financial assets	15,085	11,587
Intangible assets	3,600,658	3,758,406
Total non-current assets	3,941,665	4,164,178
Total assets	9,201,952	10,032,895
Liabilities		
Current liabilities		
Trade and other payables	2,463,415	3,623,666
Interest-bearing liabilities	4,455,354	1,678,367
Employee benefits	1,610,817	1,082,092
Total Current liabilities	8,529,586	6,384,125
Non-Current Liabilities		
Interest-bearing liabilities	-	3,000,000
Employee benefits	23,860	87,547
Total Non-current liabilities	23,860	3,087,547
Total Liabilities	8,553,446	9,471,672
Net Assets	648,506	561,223
Equity		
Share capital	32,579,575	32,579,575
Reserves	(1,095,864)	(1,095,845)
Accumulated losses	(30,835,205)	(30,922,507)
Total Equity	648,506	561,223

Inventis Limited and its Controlled Entities
Statement of Cash Flows
For the year ended 30 June 2017

	Notes	Consolidated Entity	
		2017	2016
Cash flows from operating activities			
Receipts from customers		12,711,928	12,519,080
Payments to suppliers and employees		(12,510,382)	(13,060,160)
Cash generated from / (used in) operations		201,546	(541,080)
Other Income		689,340	539,590
Interest received		3,270	8,503
Interest paid		(700,881)	(588,229)
Net cash provided by / (used in) operating activities		193,275	(581,216)
 Cash flows from investing activities			
Purchase of fixed assets		(9,430)	(209,089)
Purchase of Intangible assets		-	(10,260)
Net cash (used in) investing activities		(9,430)	(219,349)
 Cash flows from financing activities			
Proceeds from borrowings		250,000	1,080,827
Repayment of borrowings		(473,014)	-
Net cash (used by) / from financing activities		(223,014)	1,080,827
 Net (decrease)/ increase in cash and cash equivalents		(39,169)	280,262
Cash and cash equivalents at 1 July		442,312	162,050
Cash and cash equivalents at 30 June		403,143	442,312

Inventis Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

1. Reporting Entity

Inventis Limited (the “**Company**”) is a company domiciled in Australia and incorporated in Australia. The address of the Company’s registered office is Unit 4, 2 Southridge Street, Eastern Creek, NSW, 2766. The Financial Statements of the Company as at and for the year ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the “**Group**” and individually as “**Group entities**”). The Group is a “for profit” entity and a manufacturer of products and services including ergonomic office furniture, electronic control systems and ruggedised computing products (see note 4 – Segment Reporting)

2. Use of Estimates and judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

- Tax assets and liabilities
- Intangible assets

3. Significant accounting polices

The accounting policies used in the compilation of this financial report are consistent with those set out in the Group’s most recent annual report and have been applied consistently to all periods presented in these financial statements.

Inventis Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

4. Segment Reporting

The Group comprises the following main business segments:

Continuing

> *Furniture Division.* The design, manufacture and sale of a range of commercial furniture, which includes office chairs, tables, lounges, and workstations.

> *Technology Division:* The design and manufacture of custom control and market ready electronic systems, mobile computing solutions and emergency vehicle control systems.

A corporate head office function provides the Group with finance, human resources and IT services, however this corporate function does not satisfy the requirements for disclosure as a reportable segment. During the financial year all facility and payroll related costs were transferred into share services and are no-longer reported in the divisional segment results. This is consistent with the component information provided to the General Manager and Board, who are the chief operating decision makers in relation to decisions about resources allocated to each segment and its performance.

Information regarding the operations of each reportable segment is included below. Performance is measured based on segment profit before income tax. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment. Inter-segment pricing is determined on an arm's length basis.

	Furniture Division		Technology Division		Total	
	2017	2016	2017	2016	2017	2016
Total revenue	7,237,071	8,269,827	3,464,292	3,524,990	10,701,363	11,794,817
Inter-segment revenue	-	-	-	-	-	-
Total external revenue	7,237,071	8,269,827	3,464,292	3,524,990	10,701,363	11,794,817
Interest revenue	35	1,120	(5,745)	37	(5,710)	1,157
Interest expense	(130,336)	(131,801)	(68,294)	(60,988)	(198,630)	(192,789)
Depreciation and amortisation	(29,660)	(43,206)	(166,011)	(177,141)	(195,671)	(220,347)
Capital expenditure	3,000	48,855	1,599	2,319	4,599	51,174
Loss on disposal of fixed assets	(3,400)	(23,866)	(9,506)	(5,029)	(12,906)	(28,895)
Reportable segment (loss) / profit before income tax	3,699,848	2,944,826	2,522,781	2,225,491	6,222,629	5,170,317
Other material non-cash items included in segment profit / (loss):						
Related party loan impairment / (forgiven)	-	-	-	-	-	-
Reportable segment assets	8,700,046	5,660,616	6,449,838	4,821,751	15,149,884	10,482,367
Reportable segment liabilities	(4,558,763)	(5,219,180)	660,994	(263,700)	(3,897,769)	(5,482,880)

Inventis Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

4. Segment Reporting (continued)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2017	2016
Revenues		
Total revenue for reportable segments	10,701,363	11,794,817
Elimination of inter-segment revenue	-	-
Consolidated revenue from continuing operations	<u>10,701,363</u>	<u>11,794,817</u>
Profit or Loss		
Total profit or (loss) for reportable segments	6,222,629	5,170,317
Shared services payroll	(4,660,566)	(4,497,518)
Shared services facilities	(765,133)	(448,105)
Shared services loan recovery	-	539,590
Shared services corporate expenses	(707,571)	(597,556)
Consolidated loss before income tax from continuing operations	<u>89,359</u>	<u>166,728</u>
Assets		
Total assets for reportable segments	15,149,884	10,482,367
Cash and cash equivalents held in shared services	390,569	409,657
Shared services fixed assets	122,001	152,131
Shared services intangible assets	1,274,834	1,274,834
Eliminations and other shared services assets	(7,735,336)	(2,286,094)
Consolidated total assets	<u>9,201,952</u>	<u>10,032,895</u>
Liabilities		
Total liabilities for reportable segments	(3,897,769)	(5,482,880)
Interest bearing liabilities held in shared services	(3,500,000)	(3,250,000)
Eliminations and other share services liabilities	(1,155,677)	(738,792)
Consolidated total liabilities	<u>(8,553,446)</u>	<u>(9,471,672)</u>

Other material Items 2017

	Reportable Segment Totals	Corporate Additions / (Eliminations)	Consolidated Totals
Interest revenue	(5,710)	8,980	3,270
Interest expense	(198,630)	(502,251)	(700,881)
Capital expenditure	4,599	4,831	9,430
Depreciation and amortisation	(195,671)	(40,169)	(235,840)
Los on disposal of fixed assets	(12,906)	-	(12,906)

Other material Items 2016

	Reportable Segment Totals	Corporate Additions / (Eliminations)	Consolidated Totals
Interest revenue	1,157	7,346	8,503
Interest expense	(192,789)	(395,440)	(588,229)
Capital expenditure	51,174	168,175	219,349
Depreciation and amortisation	(220,347)	(16,044)	(236,391)
Los on disposal of fixed assets	(28,895)	-	(28,895)

Inventis Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2017

4. Segment Reporting (continued)

Geographical Segments

The Group operates in one geographical area being Australia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers. Segment assets are based on the geographical location of the assets.

Geographical information	2017		2016	
	Revenues	Non-current assets	Revenues	Non-current assets
Australia	10,701,363	3,941,665	11,794,817	4,164,178

5. Capital and Reserves

Share Capital

	Ordinary Shares	
	2017	2016
On issue at the beginning of the year	598,173,281	598,173,281
Issued during the year	541,276	-
On issue at the end of the year – fully paid	598,714,557	598,173,281

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.