

# Appendix 4E (Rule 4.3A)

## Preliminary Final Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Reporting Period	30 June 2019
Previous Corresponding Reporting Period	30 June 2018

## Results for the announcement to the market

	\$	Percentage increase / (decrease) over previous corresponding period.
Revenue from ordinary activities (continuing operations)	11,798,019	44.3%
(Loss) / profit from ordinary activities after tax (continuing operations)	(1,669,750)	45.7%
(Loss) / profit from ordinary activities after tax for the period attributable to members	(1,669,750)	45.7%
<b>Net Profit for the period attributable to members</b>		
<b>Dividends / (Distributions)</b>	<b>Amount Per Security</b>	<b>Franked amount per security at 30% tax rate</b>
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 revenue increased to \$11.8 million significantly up on F18 by 44.3%, which is an indication of the better performance completed by the Sales team to build up the required pipelines.

The net result in F19 was affected by one off non-cash write downs totalling \$1.2 million: -

- Inventory rationalisation totalling \$1.0 million and;
- Technology intangible assets carrying value non-cash write downs of \$0.2 million.

The overall underlying EBITDA for the group remained positive at \$0.6 million compared to last year loss of (\$2.1 million) a \$2.7 million improvement mainly due to increase in sales.

The Group managed to improve overall GP margins by a YoY +9% capitalising on improved import management, forecasting and improving overall efficiency due to the improved scale of the order book creating manufacturing efficiency.

The Technology division through Opentec finalised large overseas orders that contributed positively to the overall result and completed an exclusive arrangement with overseas suppliers with the rugged computers and held devices in the area we specialise in.

### Technology Division

The Technology Division's revenue for the year ended 30 June 2019 was \$4.1 million. An increase of 92% on last year's \$2.0 million.

EBITDA for the year was \$1.7 million.

Expanded opportunities within Opentec and stronger partner relationships places this division in a positive position both within Australia and internationally, which is likely to result in securing several large defence style contracts to be delivered throughout the year ahead and in some cases securing multiple year arrangements.

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

### **Furniture Division**

The Furniture Division's continuing operations revenue for the year ended 30 June 2019 was \$7.7 million compared to \$6.1million for the previous financial year or an increase of 26.7%.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for the year was \$3.0 million.

Planned initiatives over the next 12 months should see a growth in "Network" Sales Revenue of approximately 40% YoY in F20.

### **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. The EBITDA loss from this shared service is \$5.0 million which is an improvement of \$0.1million as compared to last year.

### **Events Subsequent to the Reporting Date**

There has not arisen in the interval between the end of the 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 Group, the results of those operations, or the state of the affairs of the Group, in future financial years.

### **Future Outlook**

The group is budgeting improvements in revenue and earnings in F20 across all divisions.

The group plans to accelerate M&A opportunities in the coming period to take advantage of the scale up opportunities to develop a longer-term sustainable profit and adequate returns to shareholders.

The Board, in conjunction with executive management, is accelerating the execution of planned strategies to grow profitability for the year ending 30 June 2020 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 on the performance increases achieved in the later part of FY19;
4. Continuing to invest and expand our Inventis Technology's engineering division to enable further 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. Developing 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. Improving our service levels by recruiting additional Business Development Managers in FY20 to further augment our position as a market leader in the respective segments.

## Financial Summary

The Preliminary consolidated results for the financial year ended 30 June 2019 are:

	Actual 2019	Actual 2018
	\$	\$
Sales –Operating	11,798,019	8,174,643
NPAT (Loss) / Profit	(\$1,669,750)	(3,076,614)

## 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 liability backing per ordinary security	(0.9c)	(0.7c)

**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:		
	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
Basic and diluted (loss) / earnings per share	(0.24) c	(0.46) c
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	702,649,369	661,938,106
(Loss) /earnings used to calculate earnings per share	(1,669,750)	(3,076,614)
Returns to shareholders including distributions and buy backs:		
• n/a		
Significant features of operating performance:		
• Refer to the comments above		
The results of segments that are significant to the understanding of the business as a whole:		
• Refer to segment note		
Discussion of trends in performance:		
Please refer to commentary above		
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:		
Please refer to commentary above		

## 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	

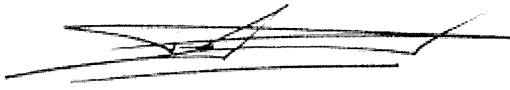

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

- Not applicable

If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

- 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, Capital and Reserves Note and Impairment testing Note.
<div><b>Signed by Director:</b> </div> <div><b>Signed by Non-Executive Director:</b> </div>	
<b>Name:</b> Tony H Noun	
<b>Name:</b> Anthony Mankarios	
<b>Date:</b> 30 August 2019	
<b>Date:</b> 30 August 2019	

**Inventis Limited and its Controlled Entities**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2019**

	Consolidated Entity 2019	2018
<b>Continuing Operations</b>		
Revenue	11,798,019	8,174,643
Cost of sales	(7,357,121)	(5,148,641)
<b>Gross profit</b>	4,440,898	3,026,002
Other (expense) / income	(14,280)	8,794
<b>Expenses</b>		
Manufacturing & operation	(1,387,026)	(1,540,689)
Engineering & quality assurance	(412,949)	(544,876)
Administration	(1,716,948)	(1,585,097)
Sales and marketing	(1,649,286)	(1,687,648)
<b>Results from operating activities</b>	(739,591)	(2,323,514)
Financial income	9,822	15,728
Financial expenses	(939,981)	(768,828)
<b>Net financing expense</b>	(930,159)	(753,100)
Loss before income tax expense	(1,669,750)	(3,076,614)
Income tax benefit / (expense)	-	-
<b>Loss from continuing operations</b>	(1,669,750)	(3,076,614)
<b>Loss for the year</b>	(1,669,750)	(3,076,614)
<b>Other Comprehensive Income</b>		
Foreign currency translation differences for foreign operations – continuing operations	726	(661)
Total other comprehensive income for the year, net of income tax	726	(661)
Total comprehensive loss for the year	(1,669,024)	(3,077,275)
<b>Earnings per share</b>		
Basic loss per share	(0.24) c	(0.46) c
Diluted loss per share	(0.24) c	(0.46) c
<b>Continuing Operations</b>		
Basic loss per share	(0.24) c	(0.46) c
Diluted loss per share	(0.24) c	(0.46) c

**Inventis Limited and its Controlled Entities**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2019**

*Consolidated Entity*

	Share Capital	Attributable to Equity Holders of the Company Foreign Currency Retranslation Reserve	Accumulated Losses	Total Equity
<b>Balance 1 July 2017</b>	32,579,575	(1,095,864)	(30,835,205)	648,506
<b>Total Comprehensive income for the period</b>				
Profit for the period	-	-	(3,076,614)	(3,076,614)
<i>Other comprehensive income</i>				
Foreign currency translation differences for foreign operations – continuing operations	-	(661)	-	(661)
Total other comprehensive income for the period	-	(661)	-	(661)
<i>Total comprehensive income for the period</i>		(661)	(3,076,614)	(3,077,275)
<b>Transactions with owners, recorded directly in equity</b>				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	1,039,347	-	-	1,039,347
Share issue cost	(15,338)	-	-	(15,338)
Total contributions by and distributions to owners	1,024,009	-	-	1,024,009
Total transactions with owners	1,024,009	-	-	1,024,009
<b>Balance as at 30 June 2018</b>	33,603,584	(1,096,525)	(33,911,819)	(1,404,760)

**Inventis Limited and its Controlled Entities**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2019**

*Consolidated Entity*

**Balance 1 July 2018**

**Total Comprehensive income for the period**

Loss for the period

*Other comprehensive loss*

Foreign currency translation differences for

foreign operations – continuing operations

Total other comprehensive loss for the period

*Total comprehensive (loss) for the period*

**Transactions with owners, recorded directly in equity**

*Contributions by and distributions to owners*

Issue of ordinary shares

Share issue cost

Total contributions by and distributions to owners

Total transactions with owners

**Balance as at 30 June 2019**

	Share Capital	Attributable to Equity Holders of the Company Foreign Currency Retranslation Reserve	Accumulated Losses	Total Equity
Balance 1 July 2018	33,603,584	(1,096,525)	(33,911,819)	(1,404,760)
Total Comprehensive income for the period				
Loss for the period	-	-	(1,669,750)	(1,669,750)
<i>Other comprehensive loss</i>				
Foreign currency translation differences for	-	726	-	726
foreign operations – continuing operations	-	726	-	726
Total other comprehensive loss for the period	-	726	(1,669,750)	(1,669,024)
<i>Total comprehensive (loss) for the period</i>				
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	-	-	-	-
Share issue cost	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Total transactions with owners	-	-	-	-
Balance as at 30 June 2019	33,603,584	(1,095,799)	(35,581,569)	(3,073,784)

**Inventis Limited and its Controlled Entities**  
**Statement of Financial Position**  
**As at 30 June 2019**

	<b>Consolidated Entity</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents	425,391	417,928
Trade and other receivables	1,397,399	1,870,985
Inventories	1,441,583	2,491,516
Prepayments	27,065	31,223
<b>Total current assets</b>	<b>3,291,438</b>	<b>4,811,652</b>
<b>Non-current assets</b>		
Property, plant and equipment	170,274	234,350
Other financial assets	16,010	17,052
Intangible assets	3,041,883	3,352,810
<b>Total non-current assets</b>	<b>3,228,167</b>	<b>3,604,212</b>
<b>Total assets</b>	<b>6,519,605</b>	<b>8,415,864</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	3,771,938	4,436,323
Interest-bearing liabilities	1,055,707	4,651,187
Employee benefits	550,803	706,351
<b>Total Current liabilities</b>	<b>5,378,448</b>	<b>9,793,861</b>
<b>Non-Current Liabilities</b>		
Employee benefits	23,113	26,763
Interest-bearing liabilities	4,191,828	-
<b>Total Non-current liabilities</b>	<b>4,214,941</b>	<b>26,763</b>
<b>Total Liabilities</b>	<b>9,593,389</b>	<b>9,820,624</b>
<b>Net Liabilities</b>	<b>(3,073,784)</b>	<b>(1,404,760)</b>
<b>Equity</b>		
Share capital	33,603,584	33,603,584
Reserves	(1,095,799)	(1,096,525)
Accumulated losses	(35,581,569)	(33,911,819)
<b>Total Equity</b>	<b>(3,073,784)</b>	<b>(1,404,760)</b>



**Inventis Limited and its Controlled Entities**  
**Statement of Cash Flows**  
**For the year ended 30 June 2019**

	<b>Consolidated Entity</b>	
<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	12,077,276	8,864,542
Payments to suppliers and employees	(11,718,996)	(9,193,837)
Cash generated / (used in) from operations	358,280	(329,295)
Other Income	-	-
Interest received	9,822	6,920
Interest paid	(883,891)	(768,828)
<b>Net cash used in operating activities</b>	<b>(515,789)</b>	<b>(1,091,203)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(1,787)	(1,133)
Purchase of Intangible assets	-	-
<b>Net cash used in investing activities</b>	<b>(1,787)</b>	<b>(1,133)</b>
<b>Cash flows from financing activities</b>		
Proceeds from rights offer	-	1,039,347
Transactions costs paid	-	(15,338)
Proceeds from borrowings	2,441,825	333,112
Repayment of borrowings	(1,916,786)	(250,000)
<b>Net cash from financing activities</b>	<b>525,039</b>	<b>1,107,121</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,463</b>	<b>14,785</b>
Cash and cash equivalents at 1 July	417,928	403,143
<b>Cash and cash equivalents at 30 June</b>	<b>425,391</b>	<b>417,928</b>

**Inventis Limited**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 30 June 2019**

**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 2019 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 policies**

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 except for the application of AASB 9 and AASB 15. The application of these standards did not have a material impact.

# Inventis Limited

## Notes to the Consolidated Financial Statements

For the year ended 30 June 2019

### 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	
	2019	2018	2019	2018	2019	2018
Total revenue	7,697,400	6,075,813	4,100,619	2,098,830	11,798,019	8,174,643
Inter-segment revenue	-	-	-	-	-	-
Total external revenue	7,697,400	6,075,813	4,100,619	2,098,830	11,798,019	8,174,643
Interest revenue	42	1,449	1,356	8	1,398	1,457
Interest expense	(315,176)	(248,333)	(78,212)	(61,910)	(393,388)	(310,243)
Depreciation	(25,450)	(40,541)	(3,520)	(10,185)	(28,970)	(50,726)
Amortisation	(1,039)	(88,216)	(311,251)	(159,632)	(312,290)	(247,848)
Capital expenditure	-	-	-	-	-	-
Loss on disposal of fixed assets	-	-	-	-	-	-
Reportable segment profit before income tax	2,618,945	2,024,348	1,265,818	508,795	3,884,763	2,533,143

### Other material non-cash items included in segment profit / (loss):

Inventory rationalisation	(732,891)	-	(273,139)	-	(1,006,030)	-
Reportable segment assets	14,065,590	10,987,275	9,071,975	8,231,754	23,137,565	19,219,029
Reportable segment liabilities	(4,399,259)	(4,821,644)	(315,776)	(612,127)	(4,715,035)	(5,433,771)

**Inventis Limited**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 30 June 2019**

**4. Segment Reporting (continued)**

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

	2019	2018
<b>Revenues</b>		
Total revenue for reportable segments	11,798,019	8,174,643
Elimination of inter-segment revenue	-	-
Consolidated revenue from continuing operations	11,798,019	8,174,643
<b>Profit or Loss</b>		
Total profit or (loss) for reportable segments	3,884,763	2,533,143
Shared services payroll	(4,062,724)	(4,144,544)
Shared services facilities	(836,485)	(854,050)
Shared services corporate expenses	(655,304)	(611,163)
Consolidated loss before income tax from continuing operations	(1,669,750)	(3,076,614)
<b>Assets</b>		
Total assets for reportable segments	23,137,565	19,219,029
Cash and cash equivalents held in shared services	406,451	392,108
Shared services fixed assets	55,067	90,172
Shared services intangible assets	1,283,456	1,274,834
Eliminations and other shared services assets	(18,362,934)	(12,560,279)
Consolidated total assets	6,519,605	8,415,864
<b>Liabilities</b>		
Total liabilities for reportable segments	(4,715,035)	(5,433,771)
Interest bearing liabilities held in shared services	(4,191,828)	(3,849,115)
Eliminations and other share services liabilities	(686,526)	(537,738)
Consolidated total liabilities	(9,593,389)	(9,820,624)

**Other material items 2019**

	Reportable Segment Totals	Corporate Additions / (Eliminations)	Consolidated Totals
Interest revenue	1,398	8,424	9,822
Interest expense	(393,388)	(490,504)	(883,891)
Capital expenditure	-	(1,787)	(1,787)
Depreciation	(28,970)	(41,663)	(70,633)
Amortisation	(312,290)	-	(312,290)
Inventory rationalisation	(1,006,030)	-	(1,006,030)

**Other material items 2018**

	Reportable Segment Totals	Corporate Additions / (Eliminations)	Consolidated Totals
Interest revenue	1,457	5,463	6,920
Interest expense	(310,243)	(458,585)	(768,828)
Capital expenditure	-	(1,133)	(1,133)
Depreciation	(50,726)	(41,979)	(92,705)
Amortisation	(247,848)	-	(247,848)

**Inventis Limited**  
**Notes to the Consolidated Financial Statements**  
**For the year ended 30 June 2019**

**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	2019		2018	
	Revenues	Non-current assets	Revenues	Non-current assets
Australia	11,798,019	3,228,167	8,174,643	3,604,212

**5. Capital and Reserves**

**Share Capital**

	Ordinary Shares	
	2019	2018
On issue at the beginning of the year	702,649,369	598,714,557
Issued during the year	-	103,934,812
On issue at the end of the year – fully paid	702,649,369	702,649,369

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.

