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## **Inventis Limited (ASX: IVT) ~ Chairman's Address**

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### **Annual General Meeting ~ Friday, 28 October 2016**

Good Morning Shareholders. Welcome to the 2016 Inventis Limited Annual General Meeting. Over the last 2 years, I outlined the painful series of events that adversely impacted the sustainability of the Inventis Group and the substantive restructuring program undertaken by the company to ensure viability and a return to profitability. I am pleased to advise that these substantive reforms concluded in February 2016, with the appointment of Mr Garry Valenzisi as General Manager of the Group.

It has certainly been a tough road to hoe, but despite the difficulty we faced in seeking to change the corporate culture and to reduce our cost base, we are now at the stage where the business is on a course for advancement, growth and success. Through persistence and unwavering commitment to excellence and not accepting “No” for an answer; and by aligning the core values of the Company with the desired culture, we now have a team that is customer-centric, a Company focussed on innovation (with global application) as well as growth and profitable results, for the benefit of all stakeholders.

The future direction of the Company is all about continuing to improve our competitiveness by adopting best practice principles and encouraging performance and an enhanced focus on service from both a supply and customer service perspective; as well as concentrating on the identification, penetration and exploitation of new business opportunities, through proactive sales and marketing, backed by product design, manufacture, development and innovation.

## **Results for the Year Ended 30 June 2016**

During the year under review, the Company produced positive year end results for the consolidated group and holds a positive outlook for the year ahead; this reflects the excellent progress we made this year that culminated in the total integration of the divisions into a single unified operation. The benefits of this integration are starting to show in our results, in our overall efficiency and in the culture of the Company.

The Board is now focused on generating additional sales revenue, across both the Furniture and Technology Divisions to ensure additional positive outcomes in the 2016 financial year.

From an operational perspective, the historical losses attributable to the poor performance of our New Zealand Subsidiary have been mitigated by the sale of that business last year. Importantly, as part of this divestment, the Company entered into a strategic relationship whereby Inventis Limited continues to provide support, products and services to Damba Gregory New Zealand, in exchange for a licence fee.

### **Furniture Division**

The Furniture Division's revenue for the year ended 30 June 2016 was \$8.3m as compared to \$8.8m for the previous financial year.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) is a profit of \$3.1m as compared to a profit of \$3.3m in the previous financial year.

The marginal temporary decline in profitability reflects the disruption to the operations that occurred as a consequence of the unplanned move of our Technology Division. Nonetheless, overall results were in line with the expectations outlined in December 2015, which relied upon second half revenue improvement.

Our Gregory Commercial Furniture Division expanded its direct sales team for better reach and penetration across Australia that should enable us to target all available opportunities. Furthermore, these expansion plans provide us with opportunities in all areas, including an ability to increase sales revenue and enhance performance procurement, product rationalisation and cost control strategies, which have and will continue to improve bottom line results.

**New Patent Registration:** Continuing the development of our new forwarding thinking corporate culture, Gregory Commercial Furniture launched the new EOS seating solution to the market. Interest in this new product range is high from the A&D segment, and current and potential corporate clients are also well engaged in considering this effective solution.

The new design has not only capitalised on its Dual Density predecessor, but also redefined ergonomics, just as our Award winning technologies have done for almost three decades.

### **Technology Division**

The Technology Division's revenue for the year ended 30 June 2016 was \$3.52m as compared to \$3.56m for the previous financial year.

EBITDA for the year was a profit of \$2.5m as compared to \$1.6m for the same period last year.

The temporary decline in revenue again reflects the disruptions to the operations that occurred during the middle of last financial year.

Notwithstanding the set-backs experienced by the Technology Division, the Board is of the view that the successful completion of its restructuring and streamlining program during the last financial year will strengthen the position and ongoing performance of the Technology Division.

### **Consolidated Results**

On a consolidated basis, the Company declared a Net Profit After Tax of \$167K, as compared to a \$5.5m loss for the previous financial year.

### **Prospects for the Year Ending 30 June 2016**

The Board has completed consolidation strategies to have all operations under the leadership of a single CEO, at a single head office and at a single manufacturing facility. This not only streamlined the management of the business, but aims to enable leveraging to take place for greater growth as well as further cost saving throughout the entire Company.

The strategy to increase the group's direct sales, with the appointment of additional key experienced individual Business Development Managers in zones across Australia to enhance our market share and to launch our innovative new products into 2016/2017 is working to plan.

Results for the First Quarter, Ended 30 September 2016 show that,

- Sales Revenue is up 5.6% as compared to same period last year; and
- Gross Profit Margin is up 15.5% as compared to the same period last year.

### **Acknowledgements**

It has certainly been a challenge to get the business into a position where we can look to the future with certainty and positive outcome anticipations, and I would like to express sincere gratitude and a thank you to everyone involved in helping us to get to this point.

A sincere thank you to our shareholders for their patience, our management team for their commitment, our staff for their dedication and perseverance and our suppliers and customers for their continuing support and co-operation.

In particular, I would like to express my gratitude to my fellow Board members for providing not only sound business practices and governance, but also a range of complementary skills that have enabled the Company to re-establish itself as a market leader capable of seizing opportunity and to capitalise on it for the benefit of all our stake-holders.



Tony Noun  
**Executive Chairman**