

# Inventis Limited 2017 Annual Report

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## DIRECTORS' REPORT

The Directors present their report together with the financial report of the Group, being Inventis Limited ("The Company") and its subsidiaries ("Inventis"), for the financial year ended 30 June 2017 and the auditor's report thereon.

### SECTION 1:

#### 1. DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

**Tony Noun MBA, AICD, FAIM, CFP, CIAM, A&CIPANZIP, DipLi, JP  
Chairman**

Tony Noun has more than 28 years professional and commercial experience with a proven track record of success. Tony's commercial experience, from both an investor and manager perspective, enables him to bring extensive financial and corporate experience to lead the Board and Management of Inventis Limited.

Tony is also an active director for a number of national and international companies that cover a broad range of industries and professional disciplines including financial services, health care, hospitality and manufacturing as well as sales and marketing.

Directorships held in other listed entities in the last 3 years: NIL.

**Peter Bobbin B.Com, LL.B, M. Tax, CTA, TEP  
Non-Executive Director**

Peter has practised as a solicitor for more than 29 years, is a former accountant, former university lecturer and is a Notary Public. He practices primarily in taxation strategy planning and commercial law and was recognised as Tax Advisor of the Year, 2015 (SME) by the Taxation Institute of Australia.

Peter has been the managing principal of law firm Argyle Lawyers since 1995 and is a founding director of Future2 Foundation, a registered Australia-wide charity.

Directorships held in other listed entities in the last 3 years – NIL.

**Anthony Mankarios MBA, CFTP, FAICD  
Non-Executive Director**

An Executive Director of Joyce Corporation Limited, Anthony is an experienced director and manager who has played a key role in Joyce's underlying business growth performances since 2010. He is also a non-executive director of KWB Group Pty Ltd, which is a fast growing kitchen connection and wallspan business; and Chairman of Man Investments and Consultants as well as being involved in a number of other private companies.

Anthony was the CEO of Oldfields Holdings Ltd, who led them on their path to growth success from 2003 (until 2010), that enabled them to become a market leader in both Aluminium scaffold and paint appliances. He also played a key role in the restructuring of this group and completed numerous finance and capital raising exercises.

His experience over the last 29 years spans a number of different sectors ranging from retail, wholesale and distribution, manufacturing as well as furniture retail / importing and Franchise businesses in Australia and in Asia.

Directorships held in other listed entities in the last 3 years – Joyce Corporation Limited.

**SECTION 1 (continued)**

**1. DIRECTORS (continued)**

**Denis Pidcock MBA, BEng  
 Alternate Director**

Denis has extensive experience in both senior level executive management and non-executive directorship roles across a wide range of industry fields in private, public and government corporations as well as considerable International involvement in Europe, the United States and South East Asia.

With a background in marketing, project design, financial and administrative management, compliance management and management of domestic and international merger and acquisition transactions, Denis brings a wealth of experience to Inventis Limited.

Mr Pidcock recently resigned as an Alternate Director effective 30 August 2017.

Directorships held in other listed entities in the last 3 years: NIL.

**Alfred Kobylanski B.Bus, CPA, ACIS, ACSA  
 Alternate Director & Company Secretary**

Alfred has significant experience in finance and management within multinational organisations in Australia and in the United Kingdom. This experience includes manufacturing, information technology and financial services in both emerging and established markets.

Alfred's background in finance, general management, corporate governance as well as his knowledge of manufacturing and service organisations adds to the substantive body of knowledge at the Board and Senior Management level.

Mr Kobylanski was also appointed Company Secretary 16 June 2017.

Directorships held in other listed entities in the last 3 years – NIL.

**2. FORMER COMPANY SECRETARY**

**Renuka Sharma Solicitor, ACIS, ACSA, ATI, JP, Tax Agent, Migration Agent  
 Company Secretary and In-house Counsel (Resigned 16 June 2017)**

**3. DIRECTORS' MEETINGS**

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Directors	Board Meetings		Audit Committee Meetings		Nomination and Remuneration Committee	
	Attended	Available to Attend	Attended	Available to Attend	Attended	Available to Attend
Mr Tony Noun	11	11	11	11	3	3
Mr Denis Pidcock as Alternate Director	0	11	0	11	0	3
Mr Peter Bobbin	11	11	11	11	3	3
Mr Anthony Mankarios	11	11	11	11	3	3
Alfred Kobylanski as Alternate Director	0	11	0	0	0	3

A – Number of meetings attended.

B - Number of meetings held during the time the director held office during the year.

<sup>1</sup> The external auditor met with the Board once during the year together with management. The Audit and Risk Management sub-committee as well as the Remuneration and Nomination sub-committee comprise of all directors however, the Chair of each committee is Anthony Mankarios and Peter Bobbin respectively.

## SECTION 1 (continued)

### 4. DIRECTORS' INTERESTS

The relevant interest of each Director that held office during the year in the ordinary shares issued by Inventis Limited, as notified by the Directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at 30 June 2017 is as follows:

Director	30 June 2016	Number of Ordinary Shares			30 June 2017
		Acquired	Sale / Transfer	Cancelled	
T Noun	50,044,160	-	-	-	50,044,160
A Kobylanski	29,633,320	-	-	-	29,633,320
P Bobbin	201,966,644	-	-	-	201,966,644
A Mankarios	86,429,862	-	-	-	86,429,862

### 5. CORPORATE GOVERNANCE STATEMENT INCLUDING REMUNERATION REPORT

The Directors of Inventis Limited are committed to achieving the highest standard of corporate governance. Except where specified in this statement, the recommendations set by the ASX Corporate Governance Council as outlined in *ASX Guidance Note 9A* have been followed. This statement is dated 22 September 2017 and has been approved by the Board on this date.

The Company website has a dedicated section dealing with its corporate governance on which can be found its corporate governance charter and policies. The documents can be accessed at <http://www.inventis.com.au/governance/documents.shtml>.

#### 5.1 Board and Management

##### 5.1.1 Role of the Board

The role of the Board is to provide strategic guidance for Inventis and effective oversight of its Management.

The Board meets regularly to discharge its duties. The matters reserved for the Board as stated in the Company's Board Charter are:

- Setting Inventis' vision and deciding upon its business strategies and objectives;
- Appointing the leadership to put the strategies into effect;
- Monitoring the operational and financial position and performance of Inventis;
- Identifying the principal risks faced by Inventis and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- Ensuring that Inventis' financial and other reporting mechanisms result in adequate, accurate and timely information being provided to the Board;
- Ensuring that investors and the market are fully informed of all material developments, in a timely manner;
- Appointing, and where appropriate, removing the Chairman, the Managing Director and General Manager, approving other key executive appointments and dismissals of those reporting to the Managing Director or the General Manager as well as planning for executive succession;
- Overseeing and evaluating the performance of the Chairman and the Managing Director and other senior executives in the context of Inventis' strategies and objectives;
- Approving budgets and business plans and monitoring the progress of major capital expenditures, capital management as well as acquisitions and divestures;
- Ensuring compliance with all relevant laws, government regulators and accounting standards; and
- Ensuring that the business of Inventis and its subsidiaries is conducted openly and ethically.

## **SECTION 1 (continued)**

### **5.1.2 Board's Delegation of Authority**

The Board has delegated the day to day functions of the business to be performed by the senior executives under the guidance of the General Manager.

The Board ensures that it receives monthly reports from each senior executive and updates from the General Manager with regard to the delegated authority, as and when requested by the Directors.

The Board usually meets 9 times in a year and reviews the performance of each of the senior executive team by way of review of their respective reports for the month and face to face meetings.

### **5.1.3 Evaluation of performance of the Senior Executives**

At the appointment stage, each senior executive is provided with their job description along with the principal statement and key performance indicators are set for measuring their performance in the probation period as well for the year ahead.

The Remuneration and Nomination Committee has set up the performance of the General Manager and the Chief Financial Officer according to the business plans, the achievement of the targets stated therein.

The respective General Manager and the Chief Financial Officer consult with the senior executives directly reporting to them and set the Key performance indicators (KPIs) for each of them.

In the financial year ended 30 June 2017 the performance of the Senior Executives are continually assessed during the year at each Board meeting.

### **5.1.4 Board and its performance**

#### **(a) Composition of the Board and Board Processes**

The Board is comprised of a Chairman and two non-executive directors.

Each director has the right to access all relevant company information and to the Company's executives and, subject to prior consultation with the Chairman and after obtaining the approvals of the fee payable for the advice, may seek independent professional advice from a suitably qualified adviser at the Company's expense. A copy of the advice received by the Director is made available to all other members of the Board.

At the time of appointment of a director or a senior executive, such director or senior executive discloses all interests to the Board. The Board puts in place a plan for management in case of any conflicts of interests. All the directors and senior executives are then required to inform any change in their interests at every Board Meeting. This process assists the Board to determine the independence of a director. The Company has put in place processes to ensure timely disclosure to the market of any changes in a director's interest.

As part of appointment process, all checks including but not limited to, credit check, reference check and criminal check are performed before an appointment is offered to a prospect as a director of the Company or Senior Company Executives..

#### **(b) The Chairman**

The Board decided to change the structure of the Board to ensure the independence of the Board is maintained.

It was decided that for the time being the minimum number of directors comprise the Board.

With effect 1 February 2016, with the appointment of a General Manager, the role of the Chairman and the Senior Executive are two different persons.

#### **(c) Company Secretary**

With effect 1 April 2015 until 16 June 2017, the Company Secretary function was independent of the day to day functioning of the Company. From 16 June 2017 the Company Secretary function was incorporated into the role of the Chief Financial Officer on 16 June 2017, who is part of the day to day functioning of the Company. The Company Secretary reports to the Board through the Chair and is responsible on all matters to do with proper functioning of the Board.

## **SECTION 1 (continued)**

### **(d) Election and Re-election of Directors at an Annual General Meeting:**

Currently, the restriction on the number of directors has been put on three. The three directors have high stakes as majority shareholders in the Company and are believed to be in a position to ensure success of the Company.

All directors retire by rotation. At present the Company being a small entity with limited resources, has no plans to nominate new director/s at its forthcoming Annual General Meeting. All information with regard to existing directors is disclosed in the Annual Report and the directors speak for themselves at the time of re-election as to why they should be re-elected and are available to answer the queries from the security holders.

### **5.1.5 Evaluation of the Performance of the Board**

The Board Evaluation is a continuous process and is carried out as part of Board meetings. The directors identify the areas which they need professional advice on and the Company Secretary ensures that appropriate professional advice is provided by engaging with such professionals as is required. The size of the Board being small and having a hands on approach, the evaluation of the performance of the Board is not done as a separate process.

## **5.2 Audit and Risk Management Committee**

The Board as a whole will exercise the powers of Audit and Risk Management Committee. The current chair for the Committee is Anthony Mankarios who is a non-executive director and although is a major shareholder is considered independent for this role.

The role of the Audit and Risk Management Committee is to provide advice and assistance to the Board to allow it to:

- Fulfil its audit, accounting and reporting obligations;
- Review the annual, half-year and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards (AASB's), and assessing whether the financial information is adequate for shareholder needs;
- Assess corporate risk assessment processes;
- Assess whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
- Provide advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;
- Assess the adequacy of the internal control framework and the Company's code of ethical standards;
- Organise, review and report on any special reviews or investigations deemed necessary by the Board;
- Assess potential fraud situations and ensure prompt and appropriate rectification of any deficiencies or breakdowns identified in systems;
- Monitor the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements;
- Address any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions; and
- Review the performance of the external auditors on an annual basis.



## **SECTION 1 (continued)**

### **5.2 Audit and Risk Management Committee (continued)**

#### **5.2.1 Oversight of the Risk Management System**

The Board oversees the establishment, implementation, and annual review of the Company's Risk Management System. Management has established and implemented a Risk Management System for assessing, monitoring, and managing operational, financial reporting, and compliance risks for the Group. The General Manager and the Chief Financial Officer have declared, in writing to the Board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole financial year and the period up to the signing of the annual financial report for all material operations in the Group, and material associates and joint ventures.

#### **5.2.2 Risk Profile**

The Audit and Risk Management Committee reports periodically on the status of risks through integrated risk management programmes aimed at ensuring risks are identified, assessed, and appropriately managed. Each business operational unit is responsible and accountable for implementing and managing the standards required by the programmes.

Major risks arise from such matters as actions by competitors, government policy changes, the impact of exchange rate movements on the price of raw materials and sales, difficulties in sourcing raw materials, environment, workplace health and safety, property, financial reporting, and the purchase, development and use of information systems.

The Audit and Risk Management Committee has direct access to any employee, the external auditors or any other independent experts and advisers as it considers appropriate in order to ensure that its responsibilities can be carried out effectively.

#### **5.2.3 Risk Management, Compliance and Control**

The Group strives to ensure that its products are of the highest standard. Towards this aim during the reporting period, the Group not only maintained their ISO 9001:2008 accreditation along with ISO 14001:2004 for their Environmental Management System.

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities.

The Board's policy on internal control is comprehensive and comprises the Company's internal compliance and control systems, including:

- Operating unit controls – Operating units confirm compliance with financial controls and procedures including information systems controls detailed in procedures manuals;
- Functional speciality reporting – Key areas subject to regular reporting to the Board include Treasury Operations, Environmental, Legal and financial matters; and
- Investment appraisal – Guidelines for capital expenditure include annual budgets, detailed appraisal and review procedures, levels of authority, and due diligence requirements where businesses are being acquired or divested.

Comprehensive practices have been established to ensure:

- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the use of derivatives. Further details of the Company's policies relating to interest rate management, forward exchange rate management and credit risk management are included in the financial statements;
- Workplace health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Business transactions are properly authorised and executed, monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly;

## **SECTION 1 (continued)**

### **5.2.3 Risk Management, Compliance and Control (continued)**

- Formal ethical standards appraisals are conducted for all employees to ensure that they are complying with the Company's Code of Ethics;
- A formal succession plan is also in place to ensure competent and knowledgeable employees fill senior positions when retirements or resignations occur;
- Financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- Environmental regulation compliance.

### **5.3 Remuneration and Nomination Committee**

The Board as a whole will exercise the powers of Remuneration and Nomination Committee.

The Committee has three members, Peter Bobbin is the Chair of the Committee who is a non-executive director. All directors are majority shareholders.

The role of the Remuneration and Nominations Committee is to provide recommendations to the Board on matters including:

- Appropriate remuneration policies and monitoring their implementation with respect to executives, senior managers, non-executive Directors and other key employees;
- Incentive schemes designed to enhance corporate and individual performance;
- Retention strategies for executives and senior management;
- Composition of the Board and competencies of Board members;
- Appointment and evaluation of the executive Directors and senior executives;
- Succession planning for Board members and senior executives; and
- Processes for the evaluation of the performance of the Directors General Manager and Chief Financial Officer.

During the financial year ended 30 June 2017, the Committee met as part of the Board meeting.

The recommendations also include all checks like credit check, reference check and criminal check as part of the report to the Board.

#### **5.3.1 Board's Skill Matrix**

The three current directors have diversified interests and hence provide a holistic view by complementing each other's strengths.

Tony Noun has more than 28 years professional and commercial experience with a proven track record of success. Tony's commercial experience, from both an investor and manager perspective, enables him to bring extensive financial and corporate experience to lead the Board and Management of Inventis Limited.

Tony is also an active director for a number of national and international companies that cover a broad range of industries and professional disciplines including financial services, health care, hospitality and manufacturing as well as sales and marketing.

Peter has practised as a solicitor for more than 29 years, is a former accountant, former university lecturer and is a Notary Public. He practices primarily in taxation strategy planning and commercial law and was recognised as Tax Advisor of the Year, 2015 (SME) by the Taxation Institute of Australia.

Peter brings to the Board his legal and tax knowledge as well as his experience of running profitable and cash flow positive legal business with annual revenue of up to \$10m for more than 22 years.

## **SECTION 1 (continued)**

### **5.3 Remuneration and Nomination Committee (continued)**

#### **5.3.1 Board's Skill Matrix (continued)**

Anthony Mankarios is an experienced director and manager who has played a key role in Joyce's underlying business growth performances since 2010. He is also a non-executive director of KWB Group Pty Ltd, which is a fast business known as Wallspan Kitchen and Wardrobes; and Chairman of Man Investments and Consultants as well as being involved in a number of other private companies.

Anthony was the CEO of Oldfields Holdings Ltd, who led them on their path to growth success from 2003 (until 2010), that enabled them to become a market leader in both Aluminium scaffold and paint appliances. He also played a key role in the restructuring of this group and completed numerous finance and capital raising exercises.

His experience over the last 29 years spans a number of different sectors ranging from retail, wholesale and distribution, manufacturing as well as furniture retail / importing and Franchise businesses in Australia and in Asia.

In addition, the Company Secretary and the Chief Financial Officer add to the skills of the Board by their respective professional affiliations.

Any gaps which the Board or the directors identify are filled by engaging with the professionals from the field who advise the Board on the matters which the Board identifies need clarification or expert opinion.

#### **5.3.2 Independence of Directors**

All the three directors are majority shareholders of the Company. Although all the three directors have an interest, position, association or relationship with the Company due to being majority shareholders, the Board deems that this in fact is not a hindrance to independence of the Directors but is a boon for the Company as the directors have incentive to ensure that the decisions are in the interests of the security holders at large. Both the non-executive directors are deemed to be independent except when they disclose their respective interests in a transaction.

Tony Noun being with the Company for more than 10 years in an executive capacity and having a shareholding in excess of 5% of ordinary shares is not deemed to be an independent director.

#### **5.3.3 Continuous Improvement and Professional Development**

As part of Standing Agenda of Board meetings, continuous education is considered at each meeting. Having regard to various professional bodies the directors belong to, there is a CPD education requirement for each of the professions and the directors discuss various matters in an informal setting during the meeting. If during these discussions, a matter is identified for needing more attention, the Company Secretary is instructed to provide relevant information at the next Board meeting for the Board to discuss.

#### **5.3.4 Principles used to determine the Nature and Amount of Remuneration**

The remuneration policy of the Group has been designed to align director and executive objectives with shareholders and business objectives by providing a fixed remuneration component and in many cases offering incentives based on key performance areas affecting the Group's financial results.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives, and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

##### **(a) Executive Directors and Senior Executives**

The remuneration policy, setting terms and conditions for the Executive Directors and other senior executives, was developed by the Remuneration and Nominations Committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation and performance incentives.

## **SECTION 1 (continued)**

### **5.3 Remuneration and Nomination Committee (continued)**

#### **5.3.4 Principles used to determine the Nature and Amount of Remuneration (continued)**

##### **(a) Executive Directors and Senior Executives (continued)**

The Remuneration Committee reviews executive packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors and other listed companies in similar industries. Executives are offered a competitive base salary that comprises the fixed component of remuneration and rewards. Reference to external remuneration reports provides analysis to ensure base salary is set to reflect the market for a comparable role.

The performance of executives is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise at its discretion in relation to approving incentives and bonuses and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

In some parts of the Group commissions are paid. The commission is based upon individual and team pre-determined targets set by the General Manager and are payable quarterly. Using a predetermined target ensures variable reward is only available when value has been created for Shareholders and when it is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executives to out-perform.

##### **(b) Non - Executive Directors**

The Board policy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment, and responsibilities. Fees for Non-executive Directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group.

##### **(c) Retirement Allowances**

No retirement allowances exist for Directors. Some non-executive directors have opted for salary type package which means that they receive a superannuation guarantee contribution as required by the Federal Government, which is currently 9.5%, but do not receive any other retirement benefits. The salary package of such non-executive directors, is all inclusive package and no leave or other entitlements are available to them as they are treated as casual rather than permanent employees. Executives have a base salary and receive a superannuation guarantee contribution as required under legislation but do not receive any other retirement benefits. Some individuals have however chosen to sacrifice part of their salary to increase payments towards superannuation.

##### **(d) Appointment Letters and Induction Pack**

Each employee including directors, have a written agreement referred to as principal statement which along with employee handbook sets out the terms and condition of their respective appointment.

### **5.4 Remuneration Report - audited**

The Remuneration Report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Additional disclosures

#### **A. Principles used to determine the nature and amount of remuneration**

The remuneration policy of the Group has been designed to align Director and executive objectives with shareholders and business objectives by providing a fixed remuneration component and offering incentive based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to

## SECTION 1 (continued)

### 5.4 Remuneration Report - audited (continued)

#### A. Principles used to determine the nature and amount of remuneration (continued)

be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

#### Directors' fees

All remuneration paid to Directors is valued at the cost to the Group and expensed.

#### Executive pay

The executive pay and reward framework has three components:

- Base pay and benefits
- Short-term performance incentives
- Other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration. The Group approved its long-term equity linked performance incentives specifically for executives. For the reporting period, no options were issued under the Employee Performance Option Plan (EPOP).

#### Base pay and benefits

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. It includes Super Guarantee Charge at the rate prescribed by the Government from time to time.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. When required, external remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

#### Benefits

Executives receive benefits including car allowances.

#### Short-term performance incentives (STI)

If the Group achieves a predetermined profit target set by the Board, a short-term incentive (STI) pool is available to executives during the annual review. Cash incentives (bonuses) are payable on 30 September each year. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with the business plan. The incentive pool is leveraged for performance above the threshold to provide an incentive for executives to out-perform.

The Group has a bonus incentive scheme for individual management employees. This is broadly based on the achievement of the Group profit objectives and the achievements of the individual KPIs. During the year ended 30 June 2017 due to the performance of the business, no profit targets or individual KPI targets were set and therefore no bonus pool was available.

#### Other remuneration such as superannuation

The Directors, if salaried, and executives receive a superannuation guarantee contribution required by government, which is currently 9.5%, and do not receive any other retirement benefits. However, some individuals have chosen to sacrifice part of their salary to increase payments towards superannuation.

#### Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board considers the following indices in respect of the current financial year and the previous four financial years.

**SECTION 1 (continued)**

**5.4 Remuneration Report - audited (continued)**

**A. Principles used to determine the nature and amount of remuneration (continued)**

**Consequences of performance on shareholder wealth (continued)**

	2017	2016	2015	2014	2013
Net profit / (loss) attributable to equity holders of the parent (\$)	89,359	166,728	(5,476,937)	(1,818,745)	2,947,658
Basic earnings / (loss) per share	0.01c	0.03c	(0.9)c	(0.4)c	1.6c

Dividends, share price and return on capital are not considered in setting STI. The overall level of key management personnel's compensation takes into account the performance of the Group over a number of years.

**B. Details of remuneration**

**Amounts of remuneration**

Details of the remuneration of the Directors and the key management personnel of the Group are set out in the following tables.

For the year ended 30 June 2017, the key management personnel of the Group included the following Directors and executive officers:

**Directors:**

- Mr. Tony Noun – Non-executive Chairman
- Mr. Peter Bobbin – Non-executive Director
- Mr. Anthony Mankarios - Non-executive Director

**Other Key Management Personnel:**

- Garry Valenzisi – General Manager (Resigned 7<sup>th</sup> August 2017)
- Alfred Kobylanski – Chief Financial Officer.
- Company Secretary (Appointed 16 June 2017)

For the year ended 30 June 2017  
 INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 Directors' report  
**SECTION 1 (continued)**

**5.4 Remuneration Report - audited (continued)**  
**B. Details of remuneration (continued)**

		Short-term					Post-employment	Other long term	Termination Pay	Total including benefits	Proportion of remuneration performance related
		Salary & Fees	Other Benefits	Cash & Bonus	Non-monetary benefits	Total	Superannuation Benefits	Long service leave	Includes Unused Long Service Leave and unused Annual Leave		
<b>Company</b>											
<b>Non-Executive Directors</b>		\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Mr. Tony Noun</b>	<b>2017</b>	<b>14,612</b>	-	-	-	<b>14,612</b>	<b>1,388</b>	-	-	<b>16,000</b>	
	2016	7,305	-	-	-	7,305	695	-	-	8,000	
<b>Mr. Peter Bobbin</b>	<b>2017</b>	<b>7,323</b>	-	-	-	<b>7,323</b>	<b>695</b>	-	-	<b>8,018</b>	
	2016	3,661	-	-	-	3,661	348	-	-	4,009	
<b>Mr. Anthony Mankarios</b>	<b>2017</b>	<b>8,000</b>	-	-	-	<b>8,000</b>	-	-	-	<b>8,000</b>	
	2016	4,000	-	-	-	4,000	-	-	-	4,000	
<b>Other Key Management Personnel</b>											
<b>Mr. Alfred Kobylanski</b>	<b>2017</b>	<b>145,776</b>	-	-	-	<b>145,776</b>	<b>34,998</b>	-	-	<b>180,774</b>	
Chief Financial Officer	2016	164,677	-	-	-	164,677	15,643	-	-	180,320	
<b>Mr. Garry Valenzisi</b>	<b>2017</b>	<b>141,876</b>	<b>24,645</b>	-	-	<b>166,521</b>	<b>14,267</b>	-	-	<b>180,788</b>	
General Manager Resigned on 07 <sup>th</sup> August 2017	2016	58,387	10,425	-	-	68,812	5,546	-	-	74,358	
<b>Total</b>	<b>2017</b>	<b>317,587</b>	<b>24,645</b>	-	-	<b>342,232</b>	<b>51,348</b>	-	-	<b>393,580</b>	
Total 2016	2016	238,030	10,425	-	-	248,455	22,232	-	-	270,687	

Notes:

1. Tony Noun became a non-executive with effect 1 February 2016.
2. The Directors agreed to waive all remuneration for 11 months of the 2016 financial year.
3. The Directors agreed to waive all remuneration for 10 months of the 2017 financial year.

## **SECTION 1 (continued)**

### **5.4 Remuneration Report - audited (continued)**

#### **C. Service agreements**

It is the Group's policy that service contracts for key management personnel are unlimited in term but capable of termination on notice by either party.

The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

The service contracts outline the components of compensation paid to the key management personnel but do not prescribe how compensation levels are modified year to year. Compensation levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the senior executive and any changes required to meet the principles of the compensation policy.

Up to 1 February 2016 Tony Noun was the Executive Chairman (Part-time) of the Group and received remuneration in accordance with a contract of employment dated 1 January 2007, as amended from time to time.

Alfred Kobylanski is the Chief Financial Officer of the Group and receives remuneration in accordance with a contract of employment dated 1 October 2007, as amended from time to time.

Garry Valenzisi is the General Manager of the Group and receives remuneration in accordance with a contract of employment dated 1 February 2016, as amended from time to time. Garry Valenzisi resigned on 7 August 2017

#### **D. Additional disclosures**

##### **Directors' and Executive Officers' Compensation Parent Entity and Group**

Details of the nature and amount of each major element of compensation of each Director of the Parent Company and the Group, the Chief Financial Officer and relevant Group executives as other key management personnel are set out in the tables on page 14.

##### **Non-Executive Directors**

Total compensation for all Non-Executive Directors, last voted upon by shareholders at the 2004 AGM, is not to exceed \$250,000 per annum and is set based on advice from external advisors with reference to fees paid to other Non-Executive Directors of comparable companies. Directors' base fees are presently set at \$48,000 per annum, with the Chairman set at \$96,000 per annum.

Non-Executive Directors do not receive performance related compensation. Directors' fees cover all main Board activities and membership of one committee. Currently there are no sub-committees to the Board.

In the event any non-executive director is required to do an executive role for a short period of time, a separate remuneration amount for the executive role is paid in addition to their director's remuneration.

##### **Options**

The Group has established an Employee Performance Option Plan (EPOP) to assist in the attraction, retention, and motivation of employees, senior executives and Executive Directors of the Group. The EPOP is not available to the Non-Executive Directors.

The EPOP is administered by the Board which may determine:

- Which executives and employees are eligible to participate;
- The criteria relevant to the selection of eligible executives and employees; and
- The ineligibility of an executive or employee to participate in the EPOP if in the Board's opinion participation by that executive or employee would constitute a breach of the rules of EPOP, or of the Company's Constitution, or of the ASX Listing Rules, or of any law of any jurisdictions.



**SECTION 1 (continued)**

**5.4 Remuneration Report - audited (continued)**

**D. Additional disclosures (continued)**

A person eligible for participation in the EPOP means either a person who is an employee of the Company or any of its associated entities as an executive or an employee on a full time or part time basis and is declared by the Committee to be eligible to participate in the EPOP.

The EPOP was approved with effect from 1 July 2008. No options have been granted in the period since activation, as at the date of this Report.

**i. Individual directors and executives compensation disclosures**

The Company paid interest of \$439,672 (2016: \$369,603), purchased information technology services of \$11,950 (2016: \$95,679), obtained an additional loans totalling \$915,257 and repaid \$665,257 (2016: obtained a loan of \$1,110,000 and repaid \$360,000) from/to entities associated with Tony Noun.

The Company paid legal fees of \$ Nil (2016: \$8,450) to an entity associated with Peter Bobbin.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

**ii. Loans from key management personnel and their related parties**

Loan amounts owed to an entity associated with Tony Noun as at the reporting date were \$3,500,000 (2016: \$3,250,000).

**iii. Other key management personnel transactions**

From time to time, key management personnel of the Group, its subsidiaries or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

**iv. Movements in shares**

The movement during the reporting period in the number of ordinary shares in Inventis Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2016	Holding at the date of appointment	Purchases	Sales / transfers	Held at 30 June 2017
<b>Directors</b>					
Tony Noun	50,044,160	-	-	-	50,044,160
Peter Bobbin	201,966,644	-	-	-	201,966,644
Anothony Mankarios	86,429,862	-	-	-	86,429,862
<b>Executives</b>					
Alfred Kobylanski	29,633,320	-	-	-	29,633,320
Garry Valenzisi	-	-	1,362,186	-	1,362,186

## SECTION 1 (continued)

### 5.4 Remuneration Report - audited (continued)

#### D. Additional disclosures (continued)

##### (iv) Movements in shares (continued)

There were no changes in shares held by key management personnel in the period after the reporting date and prior to the date when the financial report is authorised for issue:

	Held at 1 July 2017	Purchases	Sales / transfers	Held at 22 September 2017
<b>Executives</b>				
Alfred Kobylanski	29,633,320	-	-	29,633,320
Garry Valenzisi	1,362,186	-	-	1,362,186

**End of audited remuneration report.**

### 5.5 Ethical standards and policies

#### 5.5.1 Code of Conduct and Ethics

All Directors, executives, and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The Board reviews the Code of Conduct and Ethics regularly and processes are in place to promote and communicate these policies.

The Code of Conduct and Ethics established by the Board deal with:

- maintaining appropriate legal and ethical standards in dealings with business associates, advisers and regulators, competitors, employees and any other stakeholders of Inventis;
- processes for the directors and senior executives to declare any conflict of interest when it arises and keeping the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest and Directors' must withdraw themselves from any discussion pertaining to any matter in which a Director has a material personal interest. Details of Director related entity transactions with the Company and the Group are set out in the Financial Statements;
- maintaining appropriate core Company values and objectives;
- processes on fulfilling responsibilities to shareholders by delivering shareholder value;
- ensuring the usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- fulfilling responsibilities to clients, customers and consumers by maintaining high standards of product quality, service standards, commitments to fair value, and safety of goods produced;
- maintaining employment practices such as occupational health and safety, employment opportunity, the community activities, sponsorships and donations;
- maintaining employee privacy by the appropriate use of privileged or confidential information;
- avoiding conflicts of interest;
- preventing Directors and senior executives from taking advantage of property, information or position for personal gain;
- maintaining confidentiality of corporate information;
- ensuring that the Company, Directors and all employees are fair in their dealings;
- ensuring compliance with laws; and
- establishing a basis for reporting of unethical behaviour.

## 5.5 Ethical standards and policies (continued)

### 5.5.2 Share trading policy

Directors and senior executives may acquire or dispose of shares in the Company, but are prohibited from dealing in Company shares:

- During closed periods. These are defined as:
  - from 15 June each year until 24 hours after the release of the Company's Preliminary financial report for the year ended 30 June each year; and
  - from 15 December each year until 24 hours after the release of the consolidated interim financial report of the Company for the half year ended 31 December each year; and
- Whilst in possession of price sensitive information not yet released to the market.

Directors and senior executives are required to:

- Raise the awareness of legal prohibitions including transactions with colleagues and external advisers;
- Obtain prior approval and / or clearance from the Board, for any trading in IVT securities;
- Provide details of intended trading in the Company's shares;
- Provide subsequent confirmation of the trade;
- Advise of any unusual circumstances where discretions may have been exercised in cases such as financial hardship; and
- Comply with insider trading provisions of the Corporations Act 2001.

If an order has been placed during the trade window and it has not been completely fulfilled, the Board has authority to approve the amount of unfulfilled order to remain in the market after the trading window for such time period as the Board thinks fit.

At each Board meeting, the Chairman advises the members present including the senior officers, with regard to the Share Trading Policy.

These requirements also apply to all senior officers of the Group. The content of the Share Trading Policy can be accessed at <http://www.inventis.com.au/governance/documents.shtml>.

### 5.5.3 Environmental policy

The Group achieved ISO 14001:2004 accreditation for its Environmental Management System during the year.

The Group is committed to achieving a high standard of environmental performance. Environmental performance is monitored by the Board and as part of this the Board:

- Sets and communicates the environmental objectives and targets of the Company;
- Monitors progress against these objectives and targets; and
- Implements environmental management plans in areas which may have a significant environmental impact.

Based on the results of enquiries made, the Board is not aware of any significant environmental issues for the period covered by this report.

### 5.5.4 Equal Opportunity Policy:

The Company has implemented an Equal Opportunity Policy, the main objectives of this policy are to:

- Ensure all employees are treated with fairness and respect;
- Ensure no employee is discriminated against because of gender or race;
- Ensure all employees have equal access to opportunities that are available at work for enhancement of one's skills and position;
- Promote merit in employment.

The Company is committed to diversity and the Company's objective has and continues to be: to seek, appoint and promote based on skill, experience and capability not gender race or any other criteria.

## 5.5 Ethical standards and policies (continued)

### 5.5.4 Equal Opportunity Policy: (continued)

The Company has the following women as senior executives:

- Company Secretary and In-house Counsel;
- The Human Resources Manager; and
- The Customer Services Manager.

As at 30 June 2017, the Company had the following female staff:

Company Name	Female Staff	Total Staff	Percentage
Corporate Division	-	4	0%
HR Services	20	61	33%

Currently, the Board positions have been restricted to three by the Board and Shareholders. During the year ended 30 June 2017, The Company Secretary and In-house Counsel was a female who attended 9 Board meetings prior to her resignation on the 16 June 2017.

## 5.6 Communication with shareholders

### 5.6.1 Timely and continuous disclosure

#### (a) Policies and processes in place with regard to continuous disclosure

The Company has the following processes in place to ensure continuous disclosure in a timely manner:

- Director Disclosure Agreements – The Company has entered into Director Disclosure Agreements as per the Guidance Note 26 of ASX Listing Rules. Each Director understands that in case of change of any interest, he/she has to inform the Company within 3 business days of such change;
- Monthly Disclosure – At each monthly Board meeting, the Directors are individually asked of any change in their interests to ensure that if there has been a breach of not informing the Company in time of any change, it is rectified at this stage;
- Continuous Disclosure Checklist – There is a continuous disclosure checklist process implemented in the Quality System of the Company under the Corporate Governance Procedure. This checklist is comprehensive and enables the executives to check whether any event or happening of any event is to be disclosed to the market or not at any particular moment of time.
- Training – A measure of provision of training has been introduced to ensure that all executives know their responsibilities with regard to confidentiality, timely disclosure, insider trading, trading policy and other relevant corporate governance matters.

#### (b) Shareholder communication

The Board provides shareholders with information using a comprehensive Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases.

In summary, the Continuous Disclosure Policy operates as follows:

- The Chairman, the Chief Financial Officer and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX;
- All matters that are of a nature as to reasonably expect that they would affect the price of the Company's shares are advised to the ASX on the day they are discovered, and all senior executives must follow a 'Continuous Disclosure Discovery' process, which involves monitoring all areas of the Group's internal and external environment;
- The half-yearly report contains summarised financial information and a review of the operations of the Group during the period. The half-year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, and sent to any shareholder who requests it. The full Annual Financial Report is available to all shareholders should they request it;

## 5.6 Communication with shareholders continued

### 5.6.1 Timely and continuous disclosure (continued)

#### (b) Shareholder communication (continued)

- Proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders;
- All announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- The full texts of notices of meetings and associated explanatory material are placed on the Company's website; and
- The external auditor attends the Annual General Meetings to answer questions concerning the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

All of the above information, including that of the previous three years, is made available on the Company's website within one day of public release.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Group's strategy and goals. Important issues are presented to the shareholders as separate resolutions.

The shareholders are requested to vote on the appointment and aggregate remuneration of Directors, the granting of options and shares to Directors, the Remuneration Report, and changes to the Constitution. Copies of the Constitution are available to any shareholder who requests it.

#### (c) Shareholder / Investor Enquires

Shareholders with queries relation to their holding of Inventis securities should contact the Share Registry that is administered by Linked Market Services Limited whose contact details are available in the corporate directory section of the Annual Report.

Shareholders or investor questions of a more specific nature should be directed to the Company Secretary at the registered office.

## SECTION 2:

### 1. PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the financial year were the manufacture and sale of commercial furniture, electronic controllers and computers.

### 2. FINANCIAL REVIEW

	2017	2016	2015	2014	2013
Net profit / (loss) attributable to equity holders of the parent (\$)	89,359	166,728	(5,476,937)	(1,818,745)	2,947,658
Basic earnings / (loss) per share	0.01c	0.03c	(0.9)c	(0.4)c	1.6c

### 3. FINANCIAL CONDITION

#### Capital structure

As at the reporting date the number of shares on issue was 598,714,557 (2016: 598,173,281) and as of the date of filing this report the number of shares on issue were 598,714,557. At the reporting date the share capital of the Group stood at \$32,579,575 (2016: \$32,579,575) and net equity stood at \$648,506 (2016: \$561,223).

#### Liquidity and funding

As at the reporting date, cash and cash equivalents on hand of the Group stood at \$403,143 (2016: \$442,312).

Total current assets stood at \$5,406,845 (2016: \$5,868,717) and current liabilities stood at \$8,676,144 (2016: \$6,384,125) making the liquidity ratio 0.62 (2016: 0.92). Note that due to a technical breach of the borrowing covenant that has been subsequently waived post year end the long term borrowing was reclassified as a current liability and reversed 01 July 2017.

## **SECTION 2 (continued)**

### **3. FINANCIAL CONDITION (continued)**

#### **Liquidity and funding (continued)**

The Group has available to it \$8.25 million in funding of which \$4.5 million has been activated and as at the reporting date, \$3.5 million was unused.

#### **Cash flows from operations**

In the financial year net cash inflows /(outflows) of the Group from operating activities were \$200,693 (2016: (\$581,216)).

Net cash outflows from investing activities during the financial year were \$16,848 (2016: \$219,349 of which \$13,848 (2016: \$209,089) was used for purchase of plant and equipment.

In the financial year there was a net (decrease) / increase in cash and cash equivalents of (\$39,169) (2016: Net increase: \$280,262).

### **4. PRINCIPAL BUSINESSES**

A commentary on the two operating divisions is set out below:

#### **Technology Division:**

The Technology Division's revenue for the year ended 30 June 2017 was \$3,464,292 as compared to \$3,524,990 for the previous financial year.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for the year was \$2,762,831 as compared to \$2,468,612 for the same period last year.

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.

#### **Furniture Division:**

The Furniture Division's continuing operations revenue for the year ended 30 June 2017 was \$7,237,071 as compared to \$8,269,827 for the previous financial year.

EBITDA for the year was \$3,859,809 as compared to a \$3,142,580 in the previous financial year.

#### **Group Results Commentary:**

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 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.

## SECTION 2 (continued)

### 4. PRINCIPAL BUSINESSES continued

#### Future Outlook for the Group:

The next 12 month period across the group is targeting consolidated growth in excess of 10%.

With strong open order books in place across Opentec and Inventis Technology; 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:

- Filling key sales and management positions;
- Increasing our commitment to Gregory Commercial Furniture distributor channel management;
- Ensuring that manufacturing, operations and customer service continue to improve upon the outstanding performance increases obtained in FY17;
- Continuing to invest and expand our Inventis Technology's engineering division to enable continued development of new innovative concepts to be taken to market;
- Expanding our technology innovation and development to incorporate the area of road and rail safety in partnership with major industry bodies;
- 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;
- Launching a new website and other computer and mobile phone driven initiatives to drive customer engagement and attraction for all divisions;
- Strengthening the balance sheet through long term funding and asset management;
- Supporting and further developing a national employee cross training matrix to ensure coverage of all key positions; and
- 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.

The Board is confident that the current sales targets, coupled with the benefits of the above initiatives will produce a positive result in the coming period.

## REVIEW OF OPERATIONS AND ACTIVITIES

### Financial Review

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

	2017	2016
Sales Continuing Operations	10,701,363	11,794,817
Profit from Continuing Operations after tax	89,359	166,728
Profit after tax for the period	89,359	166,728

### 5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the year up to the date of this Report.

## **SECTION 2 (continued)**

### **6. DIVIDENDS**

No dividend has been declared or paid relating to the current year. Final dividends were paid to Convertible Preference Shareholders of \$2,057 (2016: nil) during the financial year. As at 21 December 2016 all remaining convertible preference shares were converted to ordinary shares.

### **7. EVENTS SUBSEQUENT TO 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 financial year ended 2018.

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 financial year ended 2018. The preferred supplier agreements are valid for up to three years in some instances.

The Company has employed Mr Spencer Trusler as National Sales Manager, effective 4th September 2017.

The Company arranged new finance facilities with THNCS, one of our current financiers, to provide enhanced facilities and extra headroom of \$1.0 million. This will allow the Company to accommodate the extra sales volume expected in financial year ended 2018.

Apart from the above 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 affairs of the Group, in future financial years.

### **8. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

The Company has agreed to indemnify the current Directors of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

The Auditor is not indemnified.

#### **Insurance premiums**

Since the end of the previous financial year the Company has paid insurance premiums of \$11,414 (2016: \$24,535) in respect of Directors' and Officers' liability insurance for current and former Directors and Officers of the Company. The insurance premiums relate to:

- Costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not contain details of the premiums paid in respect of individual Officers of the Company.



**SECTION 2 (continued)**

**9. NON-AUDIT SERVICES**

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of these non-audit services during the year by the auditor is compatible with, and did not compromise the auditor independence requirements of the Corporation Act 2001. Details of amounts paid to the auditor of the Group, KPMG (auditor until 29 July 2016) and BDO East Coast (appointed 29 July 2016), and their related practices for audit and non-audit services are disclosed below:

	<i>Note</i>	<b>Consolidated</b>	
		<b>2017</b>	<b>2016</b>
<b>Audit Services</b>			
<b>Auditors of the Company</b>			
KPMG Australia:			
Audit and review of financial reports		-	37,375
BDO East Coast Partnership * :			
Audit and review of financial reports		62,500	45,000
		<u>62,500</u>	<u>82,375</u>
KPMG Australia:			
Taxation Services		-	26,000
<b>Total Auditor's Remuneration</b>		<u>62,500</u>	<u>108,375</u>

Note \* Reflects accrued audit fees as at 30 June 2017.



**10. PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility for and on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

**11. LEAD AUDITOR'S INDEPENDENCE DECLARATION**

The Lead Auditor's Independence Declaration is set out on page 25 and forms part of the Directors' Report for the financial year ended 30 June 2017.

This report is made with a resolution of the Directors:

	
Tony Noun Executive Chairman	Anthony Mankarios Director

Dated at Sydney this 29 September 2017

## DECLARATION OF INDEPENDENCE BY GRANT SAXON TO THE DIRECTORS OF INVENTIS LIMITED

As lead auditor of Inventis Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Inventis Limited and the entities it controlled during the period.



Grant Saxon  
Partner

**BDO East Coast Partnership**

Sydney, 29 September 2017

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017

		Consolidated	
	Note	2017	2016
<b>Continuing operations</b>			
Revenue - Sale of Goods		10,701,363	11,794,817
Cost of sales		(4,912,798)	(6,069,342)
<b>Gross Profit</b>		<b>5,788,565</b>	<b>5,725,475</b>
Other income	7	878,885	594,791
<b>Expenses</b>			
Manufacturing & operations		(1,798,462)	(1,986,054)
Engineering & quality assurance		(511,156)	(464,773)
Administration		(1,566,366)	(1,479,028)
Sales & marketing		(2,025,646)	(1,627,663)
<b>Results from operating activities</b>	7	<b>765,820</b>	<b>762,748</b>
Finance income		24,420	55,255
Finance expense		(700,881)	(651,275)
<b>Net finance expense</b>	8	<b>(676,461)</b>	<b>(596,020)</b>
<b>Profit before income tax</b>		<b>89,359</b>	<b>166,728</b>
Income tax benefit / (expense)	9	-	-
<b>Profit from continuing operations</b>		<b>89,359</b>	<b>166,728</b>
<b>Profit for the period</b>		<b>89,359</b>	<b>166,728</b>
<b>Other comprehensive income</b>			
<i>Items that are or may be reclassified to the profit or loss</i>			
Foreign currency translation differences for foreign operations - continuing operations		(19)	1,276
<b>Other comprehensive income for the period, net of income tax</b>		<b>(19)</b>	<b>1,276</b>
<b>Total comprehensive income for the period</b>		<b>89,340</b>	<b>168,004</b>
<b>Earnings per share</b>			
Basic earnings per share	22	0.01c	0.03c
Diluted earnings per share	22	0.01c	0.03c
<b>Continuing operations</b>			
Basic earnings per share	22	0.01c	0.03c
Diluted earnings per share	22	0.01c	0.03c

The notes on pages 31 to 62 are an integral part of these consolidated financial statements.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Attributable to equity holders of the Company			Total equity
	Share capital	Foreign currency retranslation	(Accumulated losses)	
Balance at 1 July 2015	32,579,575	(1,097,121)	(31,090,526)	391,928
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	166,728	166,728
<i>Other comprehensive income</i>				
Foreign currency translation differences for foreign operations - continuing operations	-	1,276	-	1,276
Total other comprehensive income	-	1,276	-	1,276
Total comprehensive loss for the period	-	1,276	166,728	168,004
<b>Transactions with owners, recorded directly in equity</b>				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares	-	-	-	-
Issue of convertible preference shares	-	-	-	-
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
<b>Balance at 30 June 2016</b>	<b>32,579,575</b>	<b>(1,095,845)</b>	<b>(30,922,507)</b>	<b>561,223</b>

The notes on pages 31 to 62 are an integral part of these consolidated financial statements.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Attributable to equity holders of the Company			Total equity
	Share capital	Foreign currency retranslation	(Accumulated losses)	
Balance at 1 July 2016	32,579,575	(1,095,845)	(30,922,507)	561,223
<b>Total comprehensive income for the period</b>				
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	-	(19)	89,359	89,340
Total comprehensive income for the period	-	(19)	89,359	89,340
<b>Transactions with owners, recorded directly in equity</b>				
<i>Contributions by and distributions to owners</i>				
Convertible Preference Share Dividends	-	-	(2,057)	(2,057)
Total contributions by and distributions to owners	-	-	(2,057)	(2,057)
Total transactions with owners	-	-	(2,057)	(2,057)
<b>Balance at 30 June 2017</b>	<b>32,579,575</b>	<b>(1,095,864)</b>	<b>(30,835,205)</b>	<b>648,506</b>

The notes on pages 31 to 62 are an integral part of these consolidated financial statements.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017

		Consolidated	
	Note	2017	2016
<b>Assets</b>			
Cash and cash equivalents	10	403,143	442,312
Trade and other receivables	11	2,423,218	3,009,571
Inventories	12	2,566,521	2,381,224
Prepayments		13,963	35,610
<b>Total current assets</b>		<b>5,406,845</b>	<b>5,868,717</b>
<b>Non-current assets</b>			
Property, plant and equipment	15	325,922	394,185
Other financial assets	13	15,085	11,587
Intangible assets	16	3,600,658	3,758,406
<b>Total non-current assets</b>		<b>3,941,665</b>	<b>4,164,178</b>
<b>Total assets</b>		<b>9,348,510</b>	<b>10,032,895</b>
<b>Liabilities</b>			
Trade and other payables	17	3,471,809	4,098,983
Interest-bearing liabilities	18	4,455,354	1,678,367
Employee benefits	20	748,981	606,775
<b>Total current liabilities</b>		<b>8,676,144</b>	<b>6,384,125</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	18	-	3,000,000
Employee benefits	20	23,860	87,547
<b>Total non-current liabilities</b>		<b>23,860</b>	<b>3,087,547</b>
<b>Total liabilities</b>		<b>8,700,004</b>	<b>9,471,672</b>
<b>Net assets</b>		<b>648,506</b>	<b>561,223</b>
<b>Equity</b>			
Share capital	21	32,579,575	32,579,575
Reserves	21	(1,095,864)	(1,095,845)
Accumulated losses		(30,835,205)	(30,922,507)
<b>Total equity</b>		<b>648,506</b>	<b>561,223</b>

The notes on pages 31 to 62 are an integral part of these consolidated financial statements.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017

	<i>Note</i>	<b>Consolidated</b>	
		<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		12,711,928	12,519,080
Payments to suppliers and employees		(12,157,358)	(13,060,160)
Cash generated from operations		554,570	(541,080)
Other income		343,734	539,590
Interest received		3,270	8,503
Interest paid		(700,881)	(588,229)
<b>Net cash generated by / (used in) operating activities</b>	<b>29</b>	<b>200,693</b>	<b>(581,216)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	15	(13,848)	(209,089)
Purchase of intangible assets	16	(3,000)	(10,260)
<b>Net cash (used in) investing activities</b>		<b>(16,848)</b>	<b>(219,349)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		250,000	1,080,827
Repayment of borrowings		(473,014)	-
<b>Net cash from financing activities</b>		<b>(223,014)</b>	<b>1,080,827</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(39,169)</b>	<b>280,262</b>
Cash and cash equivalents at 1 July		442,312	162,050
<b>Cash and cash equivalents at 30 June</b>	<b>10</b>	<b>403,143</b>	<b>442,312</b>

The notes on pages 31 to 62 are an integral part of these consolidated financial statements.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
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# INVENTIS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 1 REPORTING ENTITY

Inventis Limited (the "Company") is a company domiciled in Australia and incorporated in Australia. The current 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 computing products (see Note 6 – Segment Reporting).

### NOTE 2 BASIS OF PREPARATION

#### (a) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act, 2001. The Financial Statements were authorised for issue by the Board of Directors on 29 September 2017.

These consolidated financial statements have been prepared in accordance with and in compliance with IFRS.

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets and liabilities which are recognised initially at fair value.

The methods used to measure fair values are discussed further in Note 4.

#### (c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

#### (d) 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 estimates are 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:

- Note 14(i) and (ii) – Tax assets and liabilities
- Note 16 – Intangible assets

#### (e) Going concern

The financial report has been prepared on the going concern basis, which assumes, the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2017 the Group's current liabilities exceeded its current assets by \$3,269,299 (2016: \$515,480). Current liabilities as at that date included long term debt of \$3,000,000 which was reclassified as current due to a technical breach of covenants described below. The Group recorded a profit for the financial year of \$89,359 (2016: \$166,728). Included in this result were \$343,343 of non-recurring income from insurance proceeds and \$527,912 of Research & Development incentives claimed. The Group generated net cash inflows from operating activities for the full year of \$200,693 (2016: outflows \$581,216).

As at 30 June 2017 the Group was in breach of certain loan covenants under facilities in place with THN Capital Solutions Pty Limited. The breach was waived for the period ended 30 June 2017 and for the 12 months subsequent to this date. This waiver was received subsequent to balance date.

Management has prepared detailed budgets and forecasts for the year ending 30 June 2018 which show improving financial results and the Directors expect that improved profitability and cash flows will enable the Group to continue as a going concern.

The ability of the Group to continue as a going concern is dependent on it generating adequate cash from operations to meet its liabilities as and when they fall due and on raising additional equity or loan financing as and when required.

These circumstances represent a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Under these circumstances, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

# INVENTIS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 2 BASIS OF PREPARATION (continued)

#### (e) Going concern (continued)

In relation to the Directors' assessment of the ability of the Group to continue as a going concern, and therefore, the basis of preparation of this financial report, the directors have considered the following:

- Management has prepared a forecast that shows that the Group will generate a profit and positive cash flows for the years ending 30 June 2018 and 2019. The Directors have reviewed these forecasts and believe that, based on the continuing improvement in operating results, there will be sufficient cash inflows and facilities available to enable the Group to fund its operations for at least 12 months from the date these financial statements have been approved;
- Following an investment in senior sales and marketing personnel during the year, the Group has a strong pipeline of sales and has achieved improved sales and gross margin. This has culminated in significant local and international supply agreements with both multinational commercial organisations and government entities across all both operating divisions. The preferred supplier agreements are valid for up to three years in some instances.
- The Directors are confident that the Group has sufficient facilities in place to meet the Group's requirements for 2018 and that all covenants required to be met to maintain these facilities will be met. The Group has the following finance facilities in place at 30 June 2017:
  - A debtor finance facility of \$4,000,000 with Scottish Pacific Business Finance Pty Limited, which was drawn to \$ 955,354 at balance date. Based upon the Groups Debtors an amount of \$575,469 was available to be drawn as at 30 June 2017; and
  - A term loan facility with THN Capital Solutions Pty Limited, a related party of the Group, of \$3,000,000, which was fully drawn at balance date; and
  - A revolving facility with THN Capital Solutions Pty Limited of \$1,000,000, which was drawn to \$250,000 at balance date with and additional \$750,000 available;
  - An additional short term loan facility of \$250,000 which was drawn down as at 30 June 2017; and
  - Subsequent to the balance date, the Group has entered into an extended debtor finance facility with THN Capital Solutions Pty Ltd for \$5,000,000 to replace the one in place with Scottish Pacific Business Finance Pty Limited which will provide additional facilities of \$1,000,000.
  - The Directors have also sought additional advice on a potential rights issue to increase working capital by a maximum of \$1,000,000.

The Directors have concluded that it is appropriate to prepare the financial report on a going concern basis, as they are confident the Group will be able to pay its debts as and when they become due and payable through positive cash flows from operations and finance facilities. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

### NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

#### (a) Basis of consolidation

##### i. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Inventis Limited ("Company" or "Parent Entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. Inventis Limited and its subsidiaries together are referred to in these Financial Statements as the Group or the Consolidated Entity.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

##### ii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Foreign currency**

**i. Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**ii. Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the translation reserve in equity.

**(c) Financial instruments**

**i. Non-derivative financial instruments**

The Group initially recognises trade and other receivables at the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provision of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

**Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and cash equivalents, trade and other receivables, and other financial assets. Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expense is discussed in Note 3(n).

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Financial instruments (continued)**

**ii. Non-derivative financial liabilities**

All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise interest bearing liabilities and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

**iii. Share capital**

**Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

**Convertible Preference Shares**

During the year the Company automatically converted all remaining Convertible Preference Shares into Ordinary Shares during December 2016.

**Dividends**

Dividends are recognised as a liability in the period in which they are declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

**(d) Property, plant and equipment**

**i. Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised through profit or loss.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

**ii. Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Property, plant and equipment (continued)**

**iii. Depreciation**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis, for assets acquired after 2008 and diminishing value prior to 2008, over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation Rates calculated under the straight line method (unless otherwise stated) for the current and comparative periods are as follows:

Leasehold improvements 2.5%	Plant and equipment 9% - 50%
Furniture and fittings 11.25% - 40%	Motor vehicles 22.5%
Leased plant and equipment 20% - 33%	

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(e) Intangible assets**

**i. Goodwill**

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

**Subsequent measurement**

Goodwill is measured at cost less accumulated impairment losses.

**ii. Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs (see note 3(d)(i)). Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. The amortisation period used in the financial statements is 10 years.

**iii. Customer relationships, patents and trademarks**

Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over their estimated useful lives, which vary from 2 to 6 years.

The amortisation periods used in the Financial Statements are:

Customer relationships 5 years and are fully amortised

Brands, patents and trademarks are not amortised as they have an infinite useful life

**iv. Other intangible assets**

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**v. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

**vi. Amortisation**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

**(f) Leases**

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's Statement of Financial Position. Costs incurred under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

**(g) Inventories**

Raw materials and stores, work in progress and finished goods are measured at the lower of cost and net realisable value. Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(h) Impairment**

**i. Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

**Loans and receivables**

The Group considers evidence of impairment for trade and other receivables and other financial assets at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Impairment (continued)**

**ii. Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU.

Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(i) Non-current assets and liabilities held for sale**

Non-current assets and liabilities or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale, rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

**(j) Employee benefits**

**i. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due for more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

**ii. Long service leave**

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the reporting date. Consideration is given to expected future salaries and wage levels, experience of employee departures and periods of service.

Expected future payments are discounted using high quality corporate bond rates at reporting date with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

**NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Employee benefits (continued)**

**iii. Wages and salaries and annual leave**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of reporting date are recognised in respect of employees' services rendered up to reporting date and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for wages and salaries are included as part of other payables and liabilities for annual leave are included as part of employee benefits provision.

**iv. Bonus plans**

The Group recognises an expense and a liability for bonuses when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

**v. Employee performance option plan**

The Group has an Employee Performance Option Plan ("EPOP") available to assist in the attraction, retention, and motivation of employees, senior executives and Executive Directors of the Group. The EPOP is not available to the Non-Executive Directors of the Group. This plan has been approved with effect from 1 July 2008. No options have been granted to date.

**(k) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(l) Revenue**

A sale is recorded when the goods have been despatched to the customer which is when the significant risks and rewards of ownership are being transferred to the buyer, recovery of consideration is probable, associated costs and possible return of goods can be estimated reliably, there is no continuing managerial involvement and the amount of revenue can be measured reliably. Revenue from bill and hold sales are recognised on agreement with the customer at the date the items are available for despatch. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, and amounts collected on behalf of third parties.

Revenue from services rendered is recognised in the profit or loss once the service has been rendered.

**(m) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**(n) Finance income and finance expenses**

Finance income comprises interest income on funds invested and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognised on financial assets, and foreign currency losses that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

**(o) Income tax**

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.



# INVENTIS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Income tax (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences when this does not affect either accounting or taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### Tax consolidation

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Inventis Limited.

#### (p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

#### (r) Segment reporting

The Group comprises the following main business segments:

- Furniture Division. The design, manufacture and sale of a range of commercial furniture, which includes office chairs, tables, lounges, and workstations; and
- 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 disclosures as a reportable segment.

Information regarding the operations of each reportable segment is included in Note 6. 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.

# INVENTIS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (s) Presentation of financial statements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- AASB 9: Financial Instruments (December 2014) effective 1 January 2018. This standard introduces new requirements for the classification and measurements of financial assets and liabilities and includes forward-looking 'expected loss' impairment model and a substantially-changed approach to hedged accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The adoption of AASB 9 will not have a significant impact on the Groups financial instruments.
- AASB 15 Revenue from Contracts with Customers (December 2014) effective 1 January 2018. This standard established a new revenue recognition model and changes the basis for deciding where revenue is to be recognised over time or at a point in time. The standard is based on a core principle that requires an entity to recognise revenue in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.
- AASB 16 Leases (February 2016) effective 1 January 2019. This standard replaces the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 116 introduces a single lease accounting model that eliminates the requirements for leases to be classified as operating or finance leases typically.
  - The main changes to our financial reporting for the introduction of the new Standard will be; the recognition of a right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets) in the Statement of Financial Position;
  - Depreciation of the right to use assets in line with AASB 116: Property, plant and Equipment in the profit or loss and unwinding of the liability in principal and interest;
  - The Groups operating leases such as motor vehicles and premises, equal to or greater than one year would be classified as finance lease under the new standard. These leases will have variable lease payments that depend on an index or a rates will need to be induced in the initial measurement of the lease liability using the index rate or rate at the commencement date; and
  - Additional disclosure requirements will be require when this Standard is first adopted for the year ending 30 June 2020.

The Group will adopt these standards from their relevant adoption dates and the impact of the adoptions have not yet been assessed.

### NOTE 4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

#### i. Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

## NOTE 5 FINANCIAL RISK MANAGEMENT

### Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- currency risk
- interest rate risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

### Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring risk management policies. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim.

The Group does not require collateral in respect of trade and other receivables.

The Group holds credit risk insurance to limit the exposure to any customer and provide protection against bad debts.

The Group has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

# INVENTIS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 5 FINANCIAL RISK MANAGEMENT (continued)

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

- The Group has the following finance facilities in place at 30 June 2017:
  - A debtor finance facility of \$4,000,000 with Scottish Pacific Business Finance Pty Limited, which was drawn to \$ 955,354 at balance date. Based upon the Groups Debtors an amount of \$575,469 was available to be drawn as at 30 June 2017; and
  - A term loan facility with THN Capital Solutions Pty Limited, a related party of the Group, of \$3,000,000, which was fully drawn at balance date; and
  - A revolving facility with THN Capital Solutions Pty Limited of \$1,000,000, which was drawn to \$250,000 at balance date;
  - An additional short term loan facility of \$250,000 which was drawn down as at 30 June 2017; and
  - Subsequent to the balance date, the Group has entered into an extended debtor finance facility with THN Capital Solutions Pty Ltd for \$5,000,000 to replace the one in place with Scottish Pacific Business Finance Pty Limited.

The Group also has access to both short term and long loan funding from a related party (refer Note 26(iii)).

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group does not have a significant exposure to equity price risk.

The Group does not enter into derivatives. All market risk transactions are carried out within guidelines set by the Board.

#### Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Australian dollar (AUD) and US dollar (USD). The currencies in which these transactions primarily are denominated are AUD.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's Technology Division both purchases and sells internationally in USD. International sales and purchases are operated through USD bank accounts. This provides a limited natural hedge against foreign exchange risk.

#### Interest rate risk

The Group's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in short-term receivables and payables are not exposed to interest rate risk.

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business.

#### Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as the result from operating activities divided by total shareholders' equity.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor the Group are subject to externally imposed capital requirements.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 6 SEGMENT REPORTING**

The Group comprises the following main business segments:

- Furniture Division. The design, manufacture and sale of a range of commercial furniture, which includes office chairs, tables, lounges, and workstations; and
- 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. Comparative information has been restated for this change to all for comparable information to be presented.

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.

Information about reportable segments

	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
Reportable segment profit / (loss) 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:						
Related party loan impairment	-	-	-	-	-	-
Loss on disposal of fixed assets	(3,400)	(23,866)	(9,506)	(5,029)	(12,906)	(28,895)
Reportable segment assets	8,798,723	5,660,616	7,599,062	4,821,751	16,397,785	10,482,367
Reportable segment liabilities	(4,657,440)	(5,219,180)	(488,230)	(263,700)	(5,145,670)	(5,482,880)

	Reportable segment totals	Corporate / Eliminations	Consolidated totals
<i>Other items 2017</i>			
Interest revenue	(5,710)	8,980	3,270
Interest expense	(198,630)	(502,251)	(700,881)
Capital expenditure	4,599	9,249	13,848
Depreciation and amortisation	(195,671)	(40,169)	(235,840)
Loss on disposal of fixed assets	(12,906)	-	(12,906)

	Corporate / Eliminations	Consolidated totals
<i>Other items 2016</i>		
Interest revenue	1,157	8,503
Interest expense	(192,789)	(588,229)
Capital expenditure	51,174	219,349
Depreciation and amortisation	220,347	236,391
Loss on disposal of fixed assets	(28,895)	(28,895)

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 6 SEGMENT REPORTING (continued)**

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

	2017	2016
<b>Revenues</b>		
Total revenue for reportable segments	10,701,363	11,794,817
Elimination of inter-segment revenue	-	-
Consolidated revenue from continuing operations	10,701,363	11,794,817
<b>Profit or loss</b>		
Total profit / (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 Corporate loan recovery	-	539,590
Share services corporate and unallocated amounts	(707,571)	(597,556)
Consolidated profit / (loss) before income tax from continuing operations	89,359	166,728
<b>Assets</b>		
Total assets for reportable segments	16,397,785	10,482,367
Cash and cash equivalents held in share services	390,569	409,657
Share services fixed assets	122,001	152,131
Share services intangible assets	1,274,834	1,274,834
Eliminations and other shared service assets	(8,836,679)	(2,286,094)
Consolidated total assets	9,348,510	10,032,895
<b>Liabilities</b>		
Total liabilities for reportable segments	(5,145,670)	(5,482,880)
Interest bearing liabilities held in shared services	(3,500,000)	(3,250,000)
Eliminations and other shared service liabilities	(54,334)	(738,792)
Consolidated total liabilities	(8,700,004)	(9,471,672)

**Geographical segments**

The Group predominantly operates in one geographical area (Australia).

In presenting information on the basis of geographical segments, segment revenue is based on the geographical 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

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 7 OTHER INCOME & EXPENSES**

**(i) Other Income**

	2017	2016
R & D incentive	527,912	-
Gross Insurance claim proceeds	343,743	-
Loan recovery	-	539,590
License fees	4,130	63,221
Other net income	16,006	20,875
Loss on disposal of fixed assets	(12,906)	(28,895)
	878,885	594,791

**(ii) Personnel expenses**

	Consolidated	
	2017	2016
Wages and salaries	3,479,006	3,471,035
Other associated personnel expenses	599,977	606,209
Contributions to defined contribution plans	396,732	331,406
(Decrease) / increase in liability for annual leave	(19,330)	(86,514)
(Decrease) / increase in liability for long-service leave	(27,180)	(38,515)
	4,429,205	4,283,621

**(iii) Profit / (loss) from continuing operations includes the following specific expenses**

	2017	2016
Depreciation	75,092	76,641
Amortisation	160,748	159,750
Research & development	511,156	464,773
Rental expense on operating leases: minimum lease payment	659,673	308,410
Net loss on disposal of assets held for sale (continuing operations)	12,906	28,895

**NOTE 8 FINANCE INCOME AND FINANCE EXPENSES RECOGNISED IN PROFIT OR LOSS**

	Consolidated	
	2017	2016
Interest income on bank deposits	3,270	8,503
Net foreign exchange gain	21,150	46,752
<b>Finance income</b>	24,420	55,255
Interest expense on financial liabilities measured at amortised cost	(700,881)	(588,229)
Net foreign exchange loss	-	(63,046)
<b>Finance expense</b>	(700,881)	(651,275)
<b>Net finance income / (expense)</b>	(676,461)	(596,020)

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 09 INCOME TAX BENEFIT / EXPENSE**

	Consolidated	
	2017	2016
<b>Current tax benefit</b>		
Current period	-	-
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	-	-
Tax losses and temporary differences derecognised for prior years	-	-
<b>Income tax benefit / (expense)</b>	<b>-</b>	<b>-</b>

**Numerical reconciliation between tax (benefit)/expense and pre-tax net (loss)/profit**

	Consolidated	
	2017	2016
Total income tax expense		
Profit / (loss) from continuing operations excluding income tax	89,359	166,728
Income tax using the Company's domestic tax rate of 30%	26,808	50,018
Losses utilised	(179,706)	(114,600)
Tax losses and temporary differences not recognised	152,898	64,582
Foreign jurisdictions losses not recognised	-	-
Tax (benefit) expense	<b>-</b>	<b>-</b>

**NOTE 10 CASH AND CASH EQUIVALENTS**

	Consolidated	
	2017	2016
Bank balances	403,143	442,312
Cash and cash equivalents in the statement of cash flows	403,143	442,312

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 23.

**NOTE 11 TRADE AND OTHER RECEIVABLES**

	Consolidated	
	2017	2016
Current		
Trade receivables	2,117,152	2,937,593
Provision for impairment loss	(4,619)	(9,502)
Other receivables	310,685	81,480
	<b>2,423,218</b>	<b>3,009,571</b>

**Bad and Doubtful Trade Receivables**

The Group maintains trade receivables insurance which has an excess of \$15,000 per claim and the provision for impairment loss is discussed at Note 23 which includes specific impairment provisions for bad and doubtful debt.

**Other Receivables**

Other receivables amounts primarily comprise GST recoverable and certain balances generally arising from transactions outside the usual operating activities of the Group. Interest and /or security are not normally obtained.

**Effective interest rates and credit risk**

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in Note 23.

**Other receivables are non interest-bearing.**

Receivables denominated in currencies other than the functional currency comprise \$15,489 of trade receivables denominated in NZ Dollars (2016: \$69,543) and \$29,270 of trade and other receivables denominated in US Dollars (2016: \$10,532).



INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 12 INVENTORIES**

	Consolidated	
	2017	2016
Raw materials and consumables	2,246,525	2,098,499
Work in progress	194,982	178,699
Finished goods	123,997	91,737
Stock in transit	1,017	12,289
	<u>2,566,521</u>	<u>2,381,224</u>

A decrease in the provision for impairment of \$339,584 (2016: \$151,152) has been recognised in relation to certain obsolete inventories.

**NOTE 13 OTHER FINANCIAL ASSETS**

	Consolidated	
	2017	2016
<b>Non-current</b>		
Rental deposits	8,800	6,136
Other investments	6,285	5,451
	<u>15,085</u>	<u>11,587</u>

**NOTE 14 TAX ASSETS AND LIABILITIES**

**i. Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in in the statement of financial position for the following items:

	Consolidated	
	2017	2016
Unused tax losses	9,860,371	9,184,769
Deductible temporary differences	1,836,935	1,370,571
	<u>11,697,306</u>	<u>10,555,340</u>
Potential benefit at 30% (2015: 30%)	3,509,192	3,166,602

The deductible tax losses and temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

**ii. Recognised deferred tax assets and liabilities**

There are no deferred tax assets and liabilities

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

	2017					2016				
	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total	Leasehold improvements	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
Balance at 1 July	109,497	243,733	20,420	20,535	394,185	-	232,874	34,038	23,720	290,632
Additions	-	10,038	9,697	-	19,735	119,374	89,715	-	-	209,089
Depreciation for the year	(23,875)	(47,354)	(3,855)	(8)	(75,092)	(9,877)	(56,093)	(7,486)	(3,185)	(76,641)
Disposals	-	(4,682)	(8,208)	(16)	(12,906)	-	(22,763)	(6,132)	-	(28,895)
<b>Balance at 30 June</b>	<b>85,622</b>	<b>201,735</b>	<b>18,054</b>	<b>20,511</b>	<b>325,922</b>	<b>109,497</b>	<b>243,733</b>	<b>20,420</b>	<b>20,535</b>	<b>394,185</b>
<i>At 30 June</i>										
Cost	119,374	1,204,001	82,534	57,663	1,463,572	119,374	1,526,751	165,436	59,165	1,870,726
Accumulated depreciation	(33,752)	(1,002,266)	(64,480)	(37,152)	(1,137,650)	(9,877)	(1,283,018)	(145,016)	(38,630)	(1,476,541)
Carrying amount	85,622	201,735	18,054	20,511	325,922	109,497	243,733	20,420	20,535	394,185
<b>Carrying amounts</b>										
At beginning of financial year	109,497	243,733	20,420	20,535	394,185	-	232,874	34,038	23,720	290,632
At end of financial year	85,622	201,735	18,054	20,511	325,922	109,497	243,733	20,420	20,535	394,185

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 16 INTANGIBLE ASSETS**

	2017					2016				
	Goodwill	Patents and trademarks	Customer Relationships	Development costs	Total	Goodwill	Patents and trademarks	Customer Relationships	Development costs	Total
Balance at 1 July	3,060,934	55,000	-	642,472	3,758,406	3,060,934	55,000	0	791,962	3,907,896
Capitalisation of Project expenses	-	-	-	3,000	3,000	0	0	0	10,260	10,260
Amortisation for the year	-	-	-	(160,748)	(160,748)	0	-	0	(159,750)	(159,750)
<b>Balance at 30 June</b>	<b>3,060,934</b>	<b>55,000</b>	<b>-</b>	<b>484,724</b>	<b>3,600,658</b>	<b>3,060,934</b>	<b>55,000</b>	<b>-</b>	<b>642,472</b>	<b>3,758,406</b>
<i>At 30 June</i>										
Cost	3,137,166	1,753,000	1,086,623	1,804,611	7,781,400	3,137,166	1,753,000	1,086,623	1,801,611	7,778,400
Accumulated amortisation and impairment	(76,232)	(1,698,000)	(1,086,623)	(1,319,887)	(4,180,742)	(76,232)	(1,698,000)	(1,086,623)	(1,159,139)	(4,019,994)
Carrying amount	3,060,934	55,000	-	484,724	3,600,658	3,060,934	55,000	-	642,472	3,758,406
<b>Carrying amounts</b>										
At beginning of financial year	3,060,934	55,000	-	642,472	3,758,406	3,060,934	55,000	0	791,962	3,907,896
At end of financial year	3,060,934	55,000	-	484,724	3,600,658	3,060,934	55,000	-	642,472	3,758,406

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 16 INTANGIBLE ASSETS (continued)**  
**Amortisation and impairment charge**

The amortisation is allocated as an expense to Administration expense.

Any impairment loss is recognised through profit or loss and is allocated to Administration expenses for continuing operations.

**Valuation of identifiable intangibles at acquisition (at fair value)**

- Customer Relationships – This was valued on a discounted cash flow basis, taking into account future revenues and likely customer turnover. The discount rate was based on a weighted average cost of capital for the Company; and
- Patents and Trademarks – These were also based on a notional royalty basis and were discounted using a weighted average cost of capital for the Company.

**Impairment testing for cash-generating units containing goodwill**

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segments reported in Note 6.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2017	2016
Gregory Commercial Furniture Pty Limited	2,565,258	2,565,258
Impart Special Products Pty Limited	495,676	495,676
	3,060,934	3,060,934

For the following entities, the recoverable amount of the cash generating unit of each business was based on its value in use:-

- Gregory Commercial Furniture Pty Limited ("GCF")
- Impart Special Products Pty Limited ("Impart")

No impairment losses were incurred in the current or prior years.

The estimated recoverable amount of the CGU exceed its carrying amount by approximately \$2,940,132 for Furniture and \$7,247,911 for Technology. Management has identified that a reasonably possible change in a key assumption could cause the carrying amount to exceed the recoverable amount.

The sensitivity analysis performed for both CGU's assuming all other factors are consistent that:

- A minimum revenue growth of 3% in 2017 is calculated for the Furniture CGU's estimated recoverable amount to be equal to the carrying amount, which is less than forecast growth of 15%.
- However for the Technology CGU even with no revenue growth in 2017 the Technology CGU's estimated recoverable amount would significantly exceed the recoverable amount. Revenue growth for this CGU is expected to be 19.7% for the year ending 30 June 2018.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 16 INTANGIBLE ASSETS (continued)**

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

**2017 Value in use assumptions:**

Cash flows were projected based on the Management approved forecasts for the financial year ending 30 June 2018 and 30 June 2019, cash flows for further 3 year period to 30 June 2022 were extrapolated using a constant growth rate and a terminal value incorporated.

	Gregory Commercial Furniture Pty Limited	Inventis Technology Pty Limited
Revenue growth in approved forecast for year ended 30 June 2018	15.0%	19.7%
Revenue growth in approved forecasts for year ended 30 June 2019	3.0%	4.0%
Annual average revenue growth per annum 2018– 2022	3.0%	4.0%
Inflation per annum	3.0%	3.0%
Average Price growth per annum (2018-2022)	2.4%	4.4%
Cost growth per annum	3.0%	3.0%
Pre-tax discount rate	18.6%	18.6%

**2016 Value in use assumptions:**

Cash flows were projected based on the Management approved forecast for the financial year ending 30 June 2017 and 30 June 2018. Cash flows for further 3 year period to 30 June 2021 were extrapolated using a constant growth rate and a terminal value incorporated.

	Gregory Commercial Furniture Pty Limited	Inventis Technology Pty Limited
Revenue growth in approved forecast for year ended 30 June 2017	43.5%	21.0%
Revenue growth in approved forecasts for year ended 30 June 2018	4.0%	10.0%
Annual average revenue growth per annum 2018 – 2020	4.4%	9.0%
Inflation per annum	3.0%	3.0%
Average Price growth per annum (2018-2020)	4.3%	8.2%
Cost growth per annum	3.0%	3.0%
Pre-tax discount rate	18.6%	18.6%

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources (historical data).

**NOTE 17 TRADE AND OTHER PAYABLES**

	Consolidated	
	2017	2016
Trade payables	1,633,222	2,216,394
Other trade payables	198,816	139,230
GST Payable	149,825	542,893
PAYG Payable	861,837	475,316
Non-trade payables and accrued expenses	628,109	725,150
	<b>3,471,809</b>	<b>4,098,983</b>

The Group's exposure to currency and liquidity risks related to trade and other payables is disclosed in Note 23.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 18 INTEREST BEARING LIABILITIES**

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 24.

	Consolidated	
	2017	2016
<b>Current liabilities</b>		
Debtors finance facility	955,354	1,428,367
Loan from related party (Note 26(iii))	3,500,000	250,000
	<u>4,455,354</u>	<u>1,678,367</u>
<b>Non-current liabilities</b>		
Loan from related party (Note 26(iii))	-	3,000,000
	<u>-</u>	<u>3,000,000</u>
<b>Total interest bearing liabilities</b>	<u>4,455,354</u>	<u>4,678,367</u>

**Terms and debt repayment schedule**

Terms and conditions of outstanding loans were as follows:

Consolidated	Currency	Interest rate	Year of maturity	2017		2016	
				Face value	Carrying amount	Face value	Carrying amount
Debtors financing facility	AUD	8.48% - 8.53%	2018	955,354	955,354	1,428,367	1,428,367
Interest bearing short term debt	AUD	9.75%	2018	500,000	500,000	250,000	250,000
Interest bearing long term debt	AUD	9.75%	2019	3,000,000	3,000,000	3,000,000	3,000,000

During the year ended 30 June 2017 the Group breached certain loan covenants under facilities in place with THN Capital Solutions Pty Limited. These breaches were waived for the period ended 30 June 2017 and for the 12 months subsequent to this date. The breach occurred at balance date, but a waiver was subsequently received post 30 June 2017.

The loans for both the current and the comparative period were secured by a mortgage over the Group's assets.

**NOTE 19 OPERATING LEASES**

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated	
	2017	2016
Within one year	794,226	776,965
Later than one year but not later than five years	1,868,285	2,578,360
	<u>2,662,511</u>	<u>3,355,325</u>

The Group leases a of warehouse, factory facilities and offices under operating leases. The leases run for a period of between 2 and 5 years, with varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Some leases have an option to renew the lease after the expiry date. Lease payments are increased every year to reflect market rent.

During the year ended 30 June 2017 \$659,673 (2016: \$388,529) was recognised as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 20 EMPLOYEE BENEFITS**

	Consolidated	
	2017	2016
<b>Current</b>		
Liability for annual leave	236,908	256,238
Liability for long service leave	226,735	190,228
Other employee benefits	285,338	160,309
<b>Total employee benefits - current</b>	<b>748,981</b>	<b>606,775</b>
<b>Non-current</b>		
Liability for long service leave	23,860	87,547
<b>Total employee benefits - non-current</b>	<b>23,860</b>	<b>87,547</b>

**NOTE 21 CAPITAL AND RESERVES**

**Share capital**

**Equity Share Capital**

	Ordinary shares		Non-redeemable preference shares	
	2017	2016	2017	2016
On issue at 1 July	598,173,281	598,173,281	539,899	539,899
Issued for cash	-	-	-	-
Reclassification - converted to ordinary shares	541,276	-	(539,899)	-
<b>On issue at 30 June</b>	<b>598,714,557</b>	<b>598,173,281</b>	<b>-</b>	<b>539,899</b>

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

**Ordinary shares**

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

**Non-redeemable preference shares**

Holders of these shares receive a non-cumulative dividend at a rate of 8.50% per annum at the Company's discretion, or whenever dividends to ordinary shareholders are declared. They do not have rights to participate in any additional dividends declared for ordinary shareholders. These shares do not carry the right to vote.

No share options have been issued. As of 30 June 2017 there were no convertible preference shares available as all remaining shares were converted to ordinary share capital.

**Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**Dividends**

The following dividends were declared and paid by the Company for the year.

<i>in AUD Dollars</i>	2017	2016
0.0 cents per qualifying ordinary share (2016: 0.0 cents)	-	-
0.0013 cents per non-redeemable preference share (2016: 0.0 cents)	2,057	-
	<b>2,057</b>	<b>-</b>

<i>In AUD Dollars</i>	2017	2016
<b>Dividend franking account</b>		
Amount of franking credits available to shareholders of Inventis Ltd for subsequent financial years	1,539,556	1,539,248

# INVENTIS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### NOTE 21 CAPITAL AND RESERVES (continued)

#### Dividend franking account

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. In accordance with the tax consolidation legislation, the Company as the head entity in the tax-consolidated group has also assumed the benefit of \$1,539,556 (2016: \$1,539,248) franking credits.

The 30 per cent franking credits are available to shareholders of Inventis Limited for subsequent financial years.

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- Franking credits that will arise from the payment of the current tax liabilities;
- Franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- Franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
- Franking credits that the entity may be prevented from distributing in subsequent years.

#### Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital, convertible preference shares and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

### NOTE 22 EARNINGS PER SHARE

#### Basic earnings per share

The calculation of basic earnings per share at 30 June 2017 was based on the profit attributable to ordinary shareholders of \$89,359 (2016: \$166,728) and a weighted average number of ordinary shares outstanding of 598,445,084 (2016: 598,173,281). The calculation of basic earnings per share for continuing operations at 30 June 2017 was based on the profit attributable to ordinary shareholders for continuing operations of \$89,359 (2016: \$166,728) and the same weighted average number of shares.

#### Weighted average number of ordinary shares

	Consolidated	
	2017	2016
Issued ordinary shares at beginning of the period	598,173,281	598,173,281
Weighted average number of ordinary shares at the end of the period	598,445,084	598,173,281

#### Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2017 was based on the earnings attributable to ordinary shareholders of \$89,359 (2016: \$166,728) and a weighted average number of ordinary shares outstanding of 598,445,084 (2016: 598,173,281). The calculation of diluted earnings per share for continuing operations at 30 June 2016 was based on the earnings attributable to ordinary shareholders for continuing operations of \$89,359 (2016: \$166,728) and the same weighted average number of shares.

#### Profit / (loss) attributable to ordinary shareholders (diluted)

#### Profit / (loss) attributable to ordinary shareholders – continuing operations (diluted)

	Consolidated	
	2017	2016
Net profit from continuing operations attributable to ordinary shareholders (basic)	89,359	166,728
Net profit from continuing operations attributable to ordinary shareholders (diluted)	89,359	166,728

#### Weighted average number of ordinary shares (diluted)

	Consolidated	
	2017	2016
Weighted average number of ordinary shares (basic)	598,445,084	598,173,281
Weighted average number of ordinary shares (diluted) at 30 June	598,445,084	598,173,281

There were no options outstanding which have a dilutionary effect on the weighted average number of ordinary shares.



INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 23 FINANCIAL INSTRUMENTS**

**Exposure to Credit Risk**

The carrying amount of the Group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

	Note	Consolidated	
		2017	2016
Cash and cash equivalents	10	403,143	442,312
Trade and other receivables	11	2,423,218	3,009,571
		<u>2,826,361</u>	<u>3,451,883</u>

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

	Note	2017	2016
Australia		2,037,306	2,937,593
India		669	-
China		39,984	-
New Zealand		39,193	-
	11	<u>2,117,152</u>	<u>2,937,593</u>

The Group's maximum exposure to credit risk for trade receivables at the reporting date by customer type was:

	Note	2017	2016
End user customer		1,293,650	1,618,053
Distributors		243,146	437,846
Government		580,356	881,694
	11	<u>2,117,152</u>	<u>2,937,593</u>

**Impairment Losses**

The Group's receivable ageing at the reporting date was as follows:

Consolidated	Gross 2017	Impairment 2017	Gross 2016	Impairment 2016
Current	1,287,720	-	1,763,239	-
Past due 30 days	369,817	-	828,279	-
Past due 60 days	293,152	-	192,385	-
Past due 90 days and over	166,463	4,619	153,690	9,502
	<u>2,117,152</u>	<u>4,619</u>	<u>2,937,593</u>	<u>9,502</u>

The movement in the allowance for impairment in respect of trade receivables in the consolidated group during the year was as follows:

	Note	2017	2016
Balance 1 July		9,502	27,799
Impairment (reversal) / loss recognised		(4,883)	(18,297)
Balance at 30 June		<u>4,619</u>	<u>9,502</u>

The impairment loss provision of \$4,619 (2016: \$9,502) has been determined after specific review of all outstanding amounts greater than 90 days taking into account any likely debtors insurance claims.

The Group believes that no further impairment allowance is necessary in respect of trade receivables than that already identified and provided for.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 23 FINANCIAL INSTRUMENTS (continued)**

**Currency risk**

**Exposure to currency risk**

The Group's exposure to foreign currency risk at reporting date was as follows, based upon notional amounts:

	Note	Consolidated		
		NZD	EUR	USD
<b>30 June 2017</b>				
Trade receivables		15,489	-	29,270
Trade payables		(8,130)	(12,301)	(74,370)
<b>Net exposure</b>		<b>7,359</b>	<b>(12,301)</b>	<b>(45,100)</b>
Estimated forecast sales		50,000	-	169,200
Estimated forecast purchases		(50,000)	(238,000)	(1,176,480)
<b>Gross Exposure</b>		<b>7,359</b>	<b>(250,301)</b>	<b>(1,052,380)</b>
<b>30 June 2016</b>				
Trade receivables		69,543	-	10,532
Trade payables		(36,236)	(10,742)	(87,470)
<b>Net exposure</b>		<b>33,307</b>	<b>(10,742)</b>	<b>(76,938)</b>
Estimated forecast sales		50,000	-	174,065
Estimated forecast purchases		(52,600)	(531,027)	(1,189,835)
<b>Gross Exposure</b>		<b>30,707</b>	<b>(531,027)</b>	<b>(1,092,708)</b>

The following significant rates applied during the year:

	Average rate		Reporting date spot rate	
	2017	2016	2017	2016
NZD 1.00 = AUD	0.9448	0.9173	0.9524	0.9534
USD 1.00 = AUD	1.3260	1.3733	1.3001	1.3466

**Sensitivity Analysis**

Consolidated	30-Jun-17		30-Jun-16	
	Equity	Profit or loss	Equity	Profit or loss
NZD	810,861	632	810,861	2,778
EURO	-	(1,616)	-	(1,488)
USD	-	(5,437)	-	(9,606)
<b>Total</b>	<b>810,861</b>	<b>(6,421)</b>	<b>810,861</b>	<b>(8,316)</b>

**Interest rate risk**

**Profile**

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	Note	Consolidated Carrying Amount	
		2017	2016
<b>Fixed rate instruments</b>			
<i>Financial assets</i>			
Cash and cash equivalents	10	390,001	375,112
		<b>390,001</b>	<b>375,112</b>
<b>Variable rate instruments</b>			
<i>Financial assets</i>			
Cash and cash equivalents	10	13,142	67,200
<i>Financial liabilities</i>			
Debtors financing facility	18	(955,354)	(1,428,367)
Secured loan	18	(3,500,000)	(3,250,000)
		<b>(4,442,212)</b>	<b>(4,611,167)</b>

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 23 FINANCIAL INSTRUMENTS (continued)**

**Cash flow sensitivity analysis for variable rate instruments.**

A change of 100 basis points on the interest rates charged would have increased / (decreased) the profit or loss by the amounts shown below which is also the net cash flow effect. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	<i>Note</i>	Increase 100bp \$	Decrease 100bp \$
<b>30 June 2017</b>			
Variable rate instruments		(43,770)	43,770
<b>30 June 2016</b>			
Variable rate instruments		(43,221)	43,221

**Effective interest rates and repricing analysis**

In respect of interest-bearing financial liabilities, the following tables indicate their average effective interest rates at the reporting date and the periods in which they mature or, if earlier, re-priced.

Consolidated	2017							2016						
	Average interest rate	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Average interest rate	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Variable rate instruments</b>														
Debtors financing facility	8.50%	955,354	955,354	-	-	-	-	0	1,428,367	1,428,367	-	-	-	-
Loan from related party	9.75%	3,500,000	3,500,000	-	-	-	-	0	3,250,000	250,000	-	-	3,000,000	-
Carrying amount		4,455,354	4,455,354	-	-	-	-		4,678,367	1,678,367	-	-	3,000,000	-

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 23 FINANCIAL INSTRUMENTS (continued)**

**Effective interest rates and repricing analysis (continued)**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Consolidated	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	2,423,218	2,423,218	3,009,571	3,009,571
Cash and cash equivalents	403,143	403,143	442,312	442,312
Debtors financing facility	(955,354)	(955,354)	(1,428,367)	(1,428,367)
Trade and other payables	(3,471,809)	(3,471,809)	(4,098,983)	(4,098,983)
Related Party Loan	(3,500,000)	(3,500,000)	(3,250,000)	(3,250,000)

**NOTE 24 RELATED PARTIES**

**Key management personnel compensation**

The key management personnel compensation included in 'personnel expenses' (see Note 7(i)) is as follows:

	Note	Consolidated	
		2017	2016
Short term employee benefits		342,232	248,455
Other long term benefits		-	-
Post-employment benefits		51,348	22,232
Termination benefits		-	-
Share-based payments		-	-
		<u>393,580</u>	<u>270,687</u>

**i. Transactions with Key Management Personnel**

The Company paid interest of \$439,672 (2016: \$369,603), purchased information technology services of \$11,950 (2016: \$95,679), obtained an additional loans totalling \$915,257 and repaid \$665,257 (2016: obtained a loan of \$1,110,000 and repaid \$360,000) from/to entities associated with Tony Noun.

The Company paid legal fees of \$ Nil (2016: \$8,450) to an entity associated with Peter Bobbin.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

**ii. Loans from key management personnel and their related parties**

Loan amounts owed to an entity associated with Tony Noun as at the reporting date were \$3,500,000 (2016: \$3,250,000).

**iii. Other key management personnel transactions**

From time to time, key management personnel of the Group, its subsidiaries or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 25 GROUP ENTITIES**

**Significant subsidiaries**

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in Note 3.

Parent Entity	Significant Subsidiaries	Country of Entity	% Interest	
			2017	2016
Inventis Limited	Gregory Commercial Furniture Pty Limited	Australia	100	100
	Inventis Technology Pty Limited	Australia	100	100
	Opentec Solutions Pty Limited	Australia	100	100
	Inventis (NZ) Limited	New Zealand	100	100
	Inventis HR Services Pty Limited	Australia	100	100
	Inventis Properties Pty Limited	Australia	100	100

The proportion of ownership interest is equal to the proportion of voting power held.

**NOTE 26 PARENT ENTITY DISCLOSURES**

As at, and throughout, the financial year ended 30 June 2017 the parent company of the Group was Inventis Limited.

	Company	
	2017	2016
<b>Results of the parent entity</b>		
Loss for the period	(709,628)	(57,966)
Other Comprehensive income	-	-
Total comprehensive (loss) for the period	(709,628)	(57,966)
<b>Financial position of parent entity at year end</b>		
Current assets	6,527,380	7,001,936
Total assets	15,921,314	16,395,870
Current liabilities	(782,445)	(547,373)
Total liabilities	(3,782,445)	(3,547,373)
<b>Total equity of the parent entity comprising of:</b>		
Share Capital	41,522,005	41,522,005
Accumulated losses	(29,383,136)	(28,673,508)
<b>Total equity</b>	<b>12,138,869</b>	<b>12,848,497</b>

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 27 SUBSEQUENT EVENTS**

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 financial year ended 2018. The preferred supplier agreements are valid for up to three years in some instances.

The Company has employed Mr Spencer Trusler as National Sales Manager, effective 4th September 2017.

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

Apart from the above 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 affairs of the Group, in future financial years.

**NOTE 28 AUDITOR'S REMUNERATION**

	<i>Note</i>	Consolidated	
		2017	2016
<b>Audit Services</b>			
<b><i>Auditors of the Company</i></b>			
KPMG Australia:			
Audit and review of financial reports		-	37,375
BDO East Coast Partnership			
Audit and review of financial reports		62,500	45,000
		62,500	82,375
KPMG Australia:			
Taxation services		-	26,000
<b>Total Auditor's Remuneration</b>		62,500	108,375

Note \* Reflects accrued audit fees as at 30 June 2016

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

**NOTE 29 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	Consolidated	
	2017	2016
<b>Cash flow from operating activities</b>		
Profit after tax	89,359	166,728
<i>Adjustment for non-cash items:</i>		
Depreciation	75,092	76,641
Amortisation of intangible assets	160,748	159,750
Unrealised foreign exchange gains / (losses)	3,056	(63,046)
Loss on sale of property plant and equipment	12,906	28,895
R&D incentive	(527,912)	
Income tax expense	-	-
<b>Operating (loss) / profit before changes in working capital</b>	<b>(186,751)</b>	<b>368,968</b>
Decrease/ (increase) in trade and other receivables	586,353	(837,875)
Decrease / (increase) in prepayments	21,647	(15,235)
Increase in inventories	(185,297)	(17,944)
Increase / (decrease) in trade and other payables	361,539	(32,380)
Decrease in employee benefits	(396,798)	(46,750)
Net cash inflow / (outflow) from operating activities	<b>200,693</b>	<b>(581,216)</b>



# INVENTIS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### DIRECTORS' DECLARATION

1. In the opinion of the directors of Inventis Limited ('the Company'):
  - a. the financial statements and notes set out on pages 31 to 62 and the Remuneration report in section 5.4 of the Directors' report, are in accordance with the Corporations Act 2001, including:
    - i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and
    - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2017.
3. The directors draw attention to note 2(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

	
Tony Noun Executive Chairman	Anthony Mankarios Director

Dated at Sydney this 29 September 2017



## INDEPENDENT AUDITOR'S REPORT

To the members of Inventis Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Inventis Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the Directors' Declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the Independence Declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### **Material Uncertainty Related to Going Concern**

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

#### *Carrying value of Goodwill - Impairment Assessment*

As disclosed in Note 16 of the financial report, goodwill amounted to \$3,060,934 at 30 June 2017.

This was determined to be a key audit matter as the determination of the "Value in Use" of each cash generating unit (CGU) and whether or not an impairment charge is necessary, involved judgements by management about the future growth rates of the business in each CGU, discount rates applied to future cash flow forecasts for each CGU and sensitivities of inputs and assumptions used in the cash flow models. Furthermore, the goodwill balance is material.

Our audit procedures included, amongst others, evaluating and challenging the assumptions used in the discounted cash flow analysis, in particular the key assumptions regarding revenue growth and the discount rate. We applied a sensitivity analysis on the Group's discounted cash flow models for each cash generating unit to assess whether changes in the assumptions made would result in impairment. We also assessed the historical accuracy of management's forecasts in the context of the value in use model. Furthermore, we evaluated the adequacy of the disclosures in Note 16 about those assumptions to which the outcomes of the impairment test are most sensitive, that is, those that will have the most significant effect on the determination of the recoverable amount.

#### *Revenue Recognition*

Refer to Note 3 of the financial report.

The Group's management focuses on revenue as a key driver by which the performance of the Group is measured.

This area was a key audit matter due to the volume of transactions and the total amount of revenue recognised, in particular around year end. Furthermore, the group has 'bill and hold' arrangements in place with some customers which require additional judgement in assessing when revenue should be recognised.



Our audit procedures included, amongst others, performing cut-off testing to ensure that revenue transactions around year end have been recorded in the correct reporting period. We also completed analytical procedures to understand movements and trends in revenue for comparisons against expectations, tested the operating effectiveness of internal controls surrounding the existence of revenues and assessed the revenue recognition policy for compliance with AASB 118 Revenues. In addition, we assessed the adequacy of the Group's disclosures within the financial statements.

#### *Allowance for Inventory Obsolescence*

As disclosed in Note 12, the Group has recognised \$2,419,963 of inventory at 30 June 2017 which represents approximately 26 percent of total assets. Furthermore, there was a reduction of \$339,584 in the allowance for inventory obsolescence during the year ended 30 June 2017, representing approximately 56 percent.

This was considered to be a key audit matter given the nature of inventories, its value and the level of management judgement involved in providing for obsolescence.

Our audit procedures included, amongst others, assessing the overall assumptions used in calculating the allowance for obsolescence by evaluating the basis and method of determination. In addition we selected a sample of aged items, reviewed any allowance assigned to these items and examined the relevant supporting documentation provided by management. Furthermore, we reviewed the prior and projected usage as indicated by perpetual inventory records and sales forecasts, including planned production changes affecting material usage.

#### **Other Information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 11 to 17 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Inventis Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'Grant Saxon', written over a faint, stylized BDO logo.

Grant Saxon  
Partner

Sydney, 29 September 2017

# INVENTIS LIMITED AND ITS CONTROLLED ENTITIES

## ASX ADDITIONAL INFORMATION

### ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below:

#### 1. Shareholdings (as at 22 September 2017)

##### Substantial Shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number Held
REN Nominees Pty Limited and Associates	199,733,320
Richtoll Pty Ltd	43,124,931
Toveken Properties Pty Ltd	43,124,931
Tony Hassan Noun and Associates	40,710,832
David Rex George Littlejohn and Associates	30,333,328

#### 2. Voting rights

##### Ordinary shares

Every ordinary share is entitled to one vote when a poll is called, otherwise each member present at the meeting or by proxy has one vote on a show of hands.

##### Distribution of equity security holders

Category	Ordinary Shares
1 -1,000	12,954
1,001 – 5,000	388,140
5,001-10,000	504,875
10,0001-100,000	3,797,942
100,001-9,999,999,999	594,010,646
<b>Rounding Total</b>	<b>598,714,557</b>

The number of shareholders holding less than a marketable parcel of ordinary shares is 226 as at 22 September 2017.

##### Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.0050 per unit	100,000	226	1,572,952

#### 3. Unquoted equity securities

##### Securities Exchange

The Company is listed on the Australian Securities Exchange. The home exchange is Sydney.

##### Other information

Inventis Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares. All ordinary shares are listed on the Australian Securities Exchanges.

##### On-market buy-back

There is no current on-market buy back.

INVENTIS LIMITED AND ITS CONTROLLED ENTITIES  
ASX ADDITIONAL INFORMATION

4. Twenty largest shareholders

Rank	Name	Units at 22 September 2017	% of Units
1	REN Nominees Pty Ltd <EN Family A/c>	99,866,660	16.68
2	REN Nominees Pty Ltd <RN Family A/c>	99,866,660	16.68
3	Richtoll Pty Ltd	43,124,931	7.20
4	Toveken Properties Pty Ltd	43,124,931	7.20
5	Mr Tony Hassan Noun	40,710,832	6.80
6	Dr David Rex George Littlejohn	30,333,328	5.07
7	Baseline Professional Services Pty Limited <Kobylanski Super Fund A/c>	29,166,656	4.87
8	Falafel Investments Pty Limited <Grant Super Fund A/c>	17,498,592	2.92
9	Nicholas P S Olisoff	15,000,000	2.51
10	Russell Roy Maloney	12,499,998	2.09
11	Mr Paul Anthony Floro	9,799,992	1.64
12	Baldman Investments Pty Ltd <Richards Family A/C>	8,101,883	1.35
13	Seyone Partners Pty Ltd <Seyone Super Fund A/C>	8,000,000	1.34
14	M & D Littlejohn Pty Limited <M & D Littlejohn S/F A/c>	7,466,660	1.25
15	Himmeleberg Investments Pty Limited <Himmelberg Super Fund A/C>	7,124,693	1.19
16	Falcon Fire Protection P/L <Falcon Fire Protect S/F A/C>	6,600,000	1.10
17	Mr Donald James Miller	6,000,000	1.00
18	Draycom Investments Pty Limited	5,882,449	0.98
19	Wongala Superannuation Pty Limited <Littlejohn Super Fund A/C>	5,599,992	0.94
20	John Sydney Phillipott	4,999,998	0.84
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES</b>		<b>500,768,255</b>	<b>83.64</b>
<b>Total Remaining Holders Balance</b>		<b>97,946,302</b>	<b>16.36</b>

5. Offices and Officers

Tony H Noun, Non-Executive Chairman  
Peter Bobbin, Non-Executive Director  
Anthony Mankarios, Non-Executive Director  
Alfred Kobylanski, Chief Financial Officer  
Garry Valenzisi, General Manager (Resigned 7 August 2017)

6. Company Secretary

Renuka Sharma (Resigned 16 June 2017)  
Alfred Kobylanski (Appointed 16 June 2017)

## **INVENTIS LIMITED AND ITS CONTROLLED ENTITIES CORPORATE DIRECTORY**

### **Principal Registered Office**

#### **Inventis Limited**

**Unit 4, 2 Southridge Street  
Eastern Creek NSW 2766  
Telephone: +61 2 8808 0400  
Facsimile: +61 2 9631 2488**

#### **Location of Share Registries**

**Link Market Services Limited  
Level 12, 680 George Street  
SYDNEY NSW 2000  
Telephone: +61 1300 554 474**

**Facsimile: +61 2 9287 0303**

#### **Auditors**

**BDO East Coast Partnership  
Level 11, 1 Market Street  
Sydney NSW 2000**

#### **Solicitors**

**RS Global Pty Ltd  
Unit F9, 101-115 Rookwood Road  
Yagoona NSW 219**

**And**

**HWL Ebsworth Lawyers  
Level 14, Australia Square,  
264-278 George Street  
Sydney NSW 2000**