

Appendix 4E (Rule 4.3A)

Preliminary Final Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Reporting Period	30 June 2016
Previous Corresponding Reporting Period	30 June 2015

Results for the announcement to the market

	\$	Percentage increase / (decrease) over previous corresponding period.
Revenue from ordinary activities (continuing operations)	11,794,817	(5.9%)
Profit from ordinary activities after tax (continuing operations)	166,498	103.1%
Revenue from ordinary activities (discontinued operations)	-	NA
Profit from ordinary activities after tax (discontinued operations)	-	NA
Profit from ordinary activities after tax for the period attributable to members	166,498	103.1%
Net Profit for the period attributable to members		
Dividends / (Distributions)	Amount Per Security	Franked amount per security at 30% tax rate
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for the determining entitlements to the dividends (if any):		Not Applicable

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

During the year under review, the Company finalised its restructure with the consolidation of operations into one location, enabling a more focussed alignment of sales, marketing, production and general operations; the appointment of Garry Valenzisi to the position of General Manager; and Tony Noun to the role of Chairman.

The earlier than planned relocation of our Technology Division in February 2015 into the premises of the Furniture Division, due to flooding of the former Auburn premises, not only impacted Inventis Technology and Opentec, but also the operations of Gregory Commercial Furniture in the first half of last financial year. Pleasingly however, the last quarter's results reflect a stable growth pattern for the organisation as a whole, in both sales and profitability.

The urgent relocation of the Technology Division from Auburn not only impacted operations, but also gave rise to substantive costs, which the Company is presently engaged in an insurance claim process with respect to the said losses.

The completion of the restructure together with the significant reductions in occupancy, operation and corporate compliance costs, as well as insurances and finance, have enabled the organisation to finish the year, near its initial forecasted profit levels. The full impact of these improvements will be reflected in the results for the coming year.

The organisation has also executed its plan to double its direct sales force across Australia, and during the later part of the year, training and product knowledge was provided to the direct sales team to create cross-divisional opportunities. Our sales team now provides services to new and existing clients across all portfolios, including but not limited to, Gregory Commercial Furniture, Opentec and Inventis Technology.

The above initiatives have enabled a return to profitability and place the organisation in good stead to execute its FY17 business plan and focus on its 5-year strategic growth strategy.

Technology Division

The Technology Division's revenue for the year ended 30 June 2016 was \$3.52m as compared to \$3.56m for the previous financial year. EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for the year was \$2.46m. The decline in revenue is reflective of the disruption to operations that occurred during the middle of the last financial year and the concerted effort to address the half year shortfall in the second half of the financial year. Albeit the company mitigated losses to the best of its ability during the relocation of Technology and Opentec, underlying gross profit was adversely affected.

Forecasts for this division provide continued growth over the coming 12 months, with a year-end order book equating to 38% of FY17 forecasts.

Furniture Division

The Furniture Division's continuing operations revenue for the year ended 30 June 2016 was \$8.27m as compared to \$8.80m for the previous financial year. EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for the year was \$3.12m. The marginal decline in revenue reflects the disruption to operations that occurred as a consequence of the unplanned move of our Technology Division.

Overall results were in line with the year-end expectations expressed in December 2015 and EBITDA outcomes were ahead of plan.

Corporate and Shared Services

During the current financial year, the business set-up shared services so as to better control and manage major costs, such as facilities, payroll and corporate statutory obligations including Board, audit, accounting, compliance and insurance. EBITDA from this shared service is a loss of \$4.6m, which includes a saving of approximately of \$1.4m on the previous financial year during which time these services were allocated to the individual divisions.

Events Subsequent to the Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group, in future financial years.

Future Outlook

The next 12 month period across the group is expected to yield consolidated revenue growth of 26.5%.

With strong open order books in place across Opentec and Inventis Technology; a more substantive national sales team and the launch of several core new products across all divisions of Inventis Limited, we find ourselves in an optimistic position at the commencement of FY17.

Inventis Limited is pleased to confirm that we have recently launched;

- A new product range for the Australian Healthcare market;
- A new product range for the Australian soft seating market, supported by reliable supply chain infrastructure;
- A new Portable Emergency Alert System; and

- A new Inventis product offering in conjunction with ergonomic assessment services throughout Australia.

The Board in conjunction with executive management has implemented strategies to grow profitability for the year ending 30 June 2017 by:

1. Strengthening the business development culture of the Group by ensuring that sales and marketing is the focus of the Group;
2. Increasing our direct sales force across Australia and returning it to the 2007-2008 level;
3. Ensuring that all direct sales agents hold high levels of product knowledge, training and support across all divisions of the organisations incorporating Gregory Commercial Furniture, Opentec and Inventis Technology in the direct to market and design & manufacturing areas. That is, we have now removed the historical silo approach previously in place;
4. Enhanced marketing through corporate rebranding and the production of a consolidated company profile together with marketing collateral for each Division;
5. Focussing on the Group's operations, information, communications technology to provide operational and cost efficiencies; including improved labour recoveries and significant improvement in DIFOT levels across all 3 divisions;
6. Executing a national procurement strategy and outsourced manufacturing back into the Group's operations to enhance the reliability and quality of both components and finished product; the appointment of specialised manufacturing procurement staff allows further improvement and development throughout the year ahead;
7. Launch of patented ergonomic seating technology;
8. Strengthening the balance sheet through long term funding and asset management; and
9. Supporting and further developing the national branch network in Victoria and Queensland.

Furthermore, our Gregory Commercial Furniture Division has partnered with leading Australian retailers to further augment our position as a leader in the market.

During the last quarter of FY2017, we plan to release new products in both the Technology and Furniture Divisions as well as new business platforms. These products and services will further enhance our position in the market as a leader in the development of innovative products and inspired solutions for consistent and sustainable shareholder value.

The Opentec Division has seen significant growth over the past quarter and is expected to continue to develop strong growth outcomes with key management appointed to develop this portfolio.

In summary, with a substantive experienced direct sales team across the country, growth expectations via development with our existing distributor network and the expansion of such across both furniture and technology divisions, new management in place, operating cost benefits already obtained and constantly under review, controlled debtor management and reliable creditor controls; the group is now strongly positioned to obtain financial benefit, revenue growth and market share throughout the 2016-2017 period.

Financial Summary

The Preliminary consolidated results for the financial year ended 30 June 2016 are:

\$	Actual 2016	Actual 2015
Sales –Operating	11,794,817	12,356,583
NPAT / (Loss)	166,498	(5,325,832)

Dividends

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

NTA Backing	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	(0.5c)	(0.6c)

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

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

Name of the entity / entities	N/A

Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects:		
	Consolidated	
	2016	2015
Basic and diluted earnings / (loss) per share	0.03c	(0.9)c
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	598,173,281	598,173,281
Earnings / (loss) used to calculate earnings per share	166,498	(5,325,832)
Returns to shareholders including distributions and buy backs: <ul style="list-style-type: none"> n/a 		
Significant features of operating performance: <ul style="list-style-type: none"> Refer to the comments above 		
The results of segments that are significant to the understanding of the business as a whole: <ul style="list-style-type: none"> Refer to segment note 		
Discussion of trends in performance: <p>Please refer to commentary above</p>		
Any other factors which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:		

Please refer to commentary above

Audit / Review Status

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

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

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

- Not applicable

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

- Not applicable

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Statement of Profit and Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows, Summary of Significant Accounting Policies Note, Segment Reporting Note and Capital and Reserves Note.
Signed by Director: 	Signed by Non Executive Director: 
Name: Tony H Noun	Name: Anthony Mankarios
Date: 29 August 2016	Date: 29 August 2016

Inventis Limited and its Controlled Entities
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Consolidated Entity	
	2016	2015
Continuing Operations		
Revenue	11,794,817	12,537,202
Cost of sales	(6,069,342)	(6,785,564)
Gross profit	<u>5,725,475</u>	<u>5,751,638</u>
Other Income	594,997	-
Expenses		
Manufacturing & operation	(1,986,054)	(2,804,151)
Engineering & quality assurance	(464,773)	(813,222)
Administration	(1,479,464)	(3,556,689)
Sales and marketing	(1,627,663)	(2,521,296)
Results from operating activities	<u>762,518</u>	<u>(3,943,720)</u>
Financial income	55,255	9,253
Financial expenses	(651,275)	(466,758)
Net financing expense	<u>(596,020)</u>	<u>(457,505)</u>
Profit / (loss) before income tax expense	166,498	(4,401,225)
Income tax benefit / (expense)	-	-
Profit / (loss) from continuing operations	<u>166,498</u>	<u>(4,401,225)</u>
Discontinued Operations		
Loss from discontinued operations, net of income tax	-	(924,607)
Profit / (loss) for the year	<u><u>166,498</u></u>	<u><u>(5,325,832)</u></u>
Other Comprehensive Income		
Foreign currency translation differences for foreign operations – continuing operations	1,276	235,493
Foreign currency translation differences for foreign operations – discontinued operations	-	826,393
Total other comprehensive income for the year, net of income tax	<u>1,276</u>	<u>1,061,886</u>
Total comprehensive income / (loss) for the year	<u><u>167,774</u></u>	<u><u>(4,263,946)</u></u>
Earnings / (loss) per share		
Basic earnings / (loss) per share	0.03c	(0.9)c
Diluted earnings / (loss) per share	0.03c	(0.9)c
Continuing Operations		
Basic earnings / (loss) per share	0.03c	(0.7)c
Diluted earnings / (loss) per share	0.03c	(0.7)c

Inventis Limited and its Controlled Entities
Statement of Changes in Equity
For the year ended 30 June 2016

Consolidated Entity

	Attributable to Equity Holders of the Company				Total Equity
	Share Capital	Revaluation Reserve	Foreign Currency Retranslation Reserve	Accumulated Losses	
Balance 1 July 2014	32,579,575	-	(2,159,007)	(25,611,625)	4,808,943
Total Comprehensive income for the period	-	-	-	(5,325,832)	(5,325,832)
Profit for the period					
<i>Other comprehensive income</i>					
Foreign currency translation differences for foreign operations – continuing operations	-	-	235,493	-	235,493
Foreign currency translation differences for foreign operations – discontinuing operations	-	-	826,393	-	826,393
Total other comprehensive loss for the period	-	-	1,061,886	(5,325,832)	(4,263,946)
<i>Total comprehensive loss for the period</i>	-	-	1,061,886	(5,325,832)	(4,263,946)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of ordinary shares	-	-	-	-	-
Issue of convertible preference share	-	-	-	-	-
Dividends	-	-	-	(1,377)	(1,377)
Other	-	-	-	(587)	(587)
Total contributions by and distributions to owners	-	-	-	(1,964)	(1,964)
Total transactions with owners	-	-	-	(1,964)	(1,964)
Balance as at 30 June 2015	32,579,575	-	(1,097,121)	(30,939,421)	543,033

Inventis Limited and its Controlled Entities
Statement of Changes in Equity
For the year ended 30 June 2016

<i>Consolidated Entity</i>	Attributable to Equity Holders of the Company				Total Equity
	Share Capital	Revaluation Reserve	Foreign Currency Retranslation Reserve	Accumulated Losses	
Balance 1 July 2015	32,579,575	-	(1,097,121)	(30,939,421)	543,033
Total Comprehensive income for the period					
Profit for the period	-	-	-	166,498	166,498
<i>Other comprehensive income</i>					
Foreign currency translation differences for foreign operations – continuing operations	-	-	1,276	-	1,276
Total other comprehensive income for the period	-	-	1,276	-	1,276
<i>Total comprehensive income for the period</i>	-	-	1,276	166,498	167,774
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>					
Issue of ordinary shares	-	-	-	-	-
Issue of convertible preference share	-	-	-	-	-
Convertible preference share dividends	-	-	-	-	-
Other	-	-	-	1,291	1,291
Total contributions by and distributions to owners	-	-	-	1,291	1,291
Total transactions with owners	-	-	-	1,291	1,291
Balance as at 30 June 2016	32,579,575	-	(1,095,845)	(30,771,632)	712,098

Inventis Limited and its Controlled Entities
Statement of Financial Position
As at 30 June 2016

	Consolidated Entity	
	2016	2015
Assets		
Cash and cash equivalents	442,312	162,050
Trade and other receivables	3,009,571	2,171,696
Inventories	2,381,224	2,363,280
Prepayments	35,610	20,375
Total current assets	5,868,717	4,717,401
Non-current assets		
Property, plant and equipment	393,955	290,632
Other financial assets	11,588	11,309
Intangible assets	3,891,281	4,040,771
Total non-current assets	4,296,824	4,342,712
Total assets	10,165,541	9,060,113
Liabilities		
Current liabilities		
Trade and other payables	3,605,437	3,703,151
Interest-bearing liabilities	1,678,367	1,097,540
Employee benefits	1,082,092	1,129,624
Total Current liabilities	6,365,896	5,930,315
Non-Current Liabilities		
Interest-bearing liabilities	3,000,000	2,500,000
Employee benefits	87,547	86,765
Total Non-current liabilities	3,087,547	2,586,765
Total Liabilities	9,453,443	8,517,080
Net Assets	712,098	543,033
Equity		
Share capital	32,579,575	32,579,575
Reserves	(1,095,845)	(1,097,121)
Accumulated losses	(30,771,632)	(30,939,421)
Total Equity	712,098	543,033

Inventis Limited and its Controlled Entities
Statement of Cash Flows
For the year ended 30 June 2016

	Notes	Consolidated Entity	
		2016	2015
Cash flows from operating activities			
Receipts from customers		12,519,080	16,331,186
Payments to suppliers and employees		(12,520,570)	(17,982,072)
Cash generated from operations		(1,490)	(1,650,886)
Interest received		8,503	9,253
Interest paid		(588,229)	(367,921)
Net cash used in operating activities		<u>(581,216)</u>	<u>(2,009,554)</u>
Cash flows from investing activities			
Purchase of fixed assets		(209,089)	(98,908)
Purchase of Intangible assets		(10,260)	-
Net cash used in investing activities		<u>(219,349)</u>	<u>(98,908)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,440,827	2,500,000
Repayment of borrowings		(360,000)	(402,905)
Net cash from financing activities		<u>1,080,827</u>	<u>2,097,095</u>
Net (decrease)/ increase in cash and cash equivalents			
		280,262	(11,367)
Cash and cash equivalents at 1 July		162,050	173,417
Cash and cash equivalents at 30 June		<u><u>442,312</u></u>	<u><u>162,050</u></u>

Inventis Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

1. Reporting Entity

Inventis Limited (the “**Company**”) is a company domiciled in Australia and incorporated in Australia. The address of the Company’s registered office is Unit 4, 2 Southridge Street, Eastern Creek, NSW, 2766. The Financial Statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as the “**Group**” and individually as “**Group entities**”). The Group is a “for profit” entity and a manufacturer of products and services including ergonomic office furniture, electronic control systems and ruggedised computing products (see note 4 – Segment Reporting)

2. Use of Estimates and judgements

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

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

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

- Tax assets and liabilities
- Intangible assets

3. Significant accounting polices

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

Inventis Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

4. Segment Reporting

The Group comprises the following main business segments:

Continuing

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

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

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

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

	Furniture Division		Technology Division		Discontinued		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Total revenue	8,269,827	8,996,435	3,524,990	3,556,333	-	1,788,438	11,794,817	14,341,206
Inter-segment revenue	-	(196,185)	-	-	-	-	-	(196,185)
Total external revenue	8,269,827	8,800,250	3,524,990	3,556,333	-	1,788,438	11,794,817	14,145,021
Interest revenue	1,120	3,252	37	5,952	-	36	1,157	9,240
Interest expense	131,801	177,666	60,988	55,471	-	34,988	192,789	268,125
Depreciation and amortisation	43,206	49,283	177,141	187,256	-	18,650	220,347	255,189
Capital expenditure	48,855	3,863	2,319	29,189	-	65,856	51,174	98,908
Loss on disposal of fixed assets	(23,866)	-	(4,823)	-	-	-	(28,689)	-
Reportable segment (loss) / profit before income tax	2,944,826	(967,663)	2,225,697	(1,159,798)	-	(924,607)	5,170,523	(3,052,068)
Other material non-cash items included in segment profit / (loss):								
Related party loan impairment / (forgiven)	-	-	-	-	-	1,353,395	-	1,353,395
Reportable segment assets	5,660,616	2,756,612	4,851,958	3,252,487	-	-	10,512,574	6,009,099
Reportable segment liabilities	(5,219,180)	(5,260,003)	(263,700)	(891,217)	-	-	(5,482,880)	(6,151,220)

Inventis Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2016

4. Segment Reporting (continued)

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

	2016	2015
Revenues		
Total revenue for reportable segments	11,794,817	14,341,206
Elimination of inter-segment revenue	-	(196,185)
Elimination of discontinued operations	-	(1,607,819)
Consolidated revenue from continuing operations	<u>11,794,817</u>	<u>12,537,202</u>
Profit or Loss		
Total profit or (loss) for reportable segments	5,170,523	(3,052,068)
Elimination of discontinued operations	-	924,607
Shared services payroll	(4,497,518)	-
Shared services facilities	(436,526)	-
Shared services corporate expenses	(69,981)	(2,273,764)
Consolidated loss before income tax from continuing operations	<u>166,498</u>	<u>(4,401,225)</u>
Assets		
Total assets for reportable segments	10,512,574	6,009,099
Cash and cash equivalents held in shared services	409,657	-
Eliminations and other shared services assets	(756,690)	3,051,014
Consolidated total assets	<u>10,165,541</u>	<u>9,060,113</u>
Liabilities		
Total liabilities for reportable segments	(5,482,880)	(6,151,220)
Interest bearing liabilities held in shared services	(3,250,000)	-
Eliminations and other share services liabilities	(720,563)	(2,365,860)
Consolidated total liabilities	<u>(9,453,443)</u>	<u>(8,517,080)</u>

Other material items 2016

	Reportable Segment Totals	Corporate Additions / (Eliminations)	Consolidated Totals
Interest revenue	1,157	7,346	8,503
Interest expense	(192,789)	(395,440)	(588,229)
Capital expenditure	51,174	168,175	219,349
Depreciation and amortisation	(220,347)	(16,480)	(236,827)
Los on disposal of fixed assets	(28,689)	-	(28,689)

Other material items 2015

	Reportable Segment Totals	Corporate Additions / (Eliminations)	Consolidated Totals
Interest revenue	9,240	13	9,253
Interest expense	(268,125)	(64,808)	(332,933)
Capital expenditure	98,098	-	98,098
Depreciation and amortisation	255,189	-	255,189
Intercompany loan impairment/ forgiveness	1,353,395	(1,353,395)	-

Inventis Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2015

4. Segment Reporting (continued)

Geographical Segments

The Group operates in two geographical areas being Australia and New Zealand.

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

Geographical information	2016		2015	
	Revenues	Non-current assets	Revenues	Non-current assets
Australia	11,794,817	4,296,824	12,537,202	4,342,712
New Zealand	-	-	1,607,819	-
Total	11,794,817	4,296,824	14,145,021	4,342,712

5. Capital and Reserves

Share Capital

	Ordinary Shares	
	2016	2015
On issue at the beginning of the year	598,173,281	598,173,281
Issued during the year	-	-
On issue at the end of the year – fully paid	<u>598,173,281</u>	<u>598,173,281</u>

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

The holders of convertible preference shares are entitled to a dividend equivalent to 8.5% paid semi-annually and are non-cumulative. After three years the convertible preference shares convert to ordinary shares on a one for one basis.

6. Prior Year Adjustment

There has been a correction made to the comparative balance of Other Liabilities of \$50,331 due to an error in the identification of outstanding liabilities for the prior year. The effect of this was to increase Other Liabilities as at 30 June 2015, with a corresponding increase in the Loss from Continuing Operations for the year ended 30 June 2015 by the same amount. This adjustment did not impact the Statement of Cash Flows for the year ended 30 June 2015.