Rules 4.2A.3

Appendix 4D

Half Yearly Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Half Year Ended	31 December 2019
Previous Corresponding Reporting Period	31 December 2018

Results for Announcement to the Market

	$	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	3,340,418	(37.6%)
(Loss) from continuing operations after tax attributable to members	(639,368)	(2.0%)
Net loss for the period attributable to members	(639,368)	(2.0%)

Dividends (distributions)	**Amount per security)**	**Franked amount per security**
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for 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:

Refer to the Directors report.

The half-yearly report is to be read in conjunction with the most recent annual financial report.

Directors have not recommended payment of an interim dividend.

NTA Backing

	Current Period	Previous corresponding period
Net liabilities backing per ordinary security	(0.9) cents	(0.8) cents

Control Gained Over Entities Having Material Effect

Name of entity	Workstations Pty Ltd
Date control gained	1 November 2019
Profit from continuing operations since the date in the current period on which control was acquired	24,187
(Loss) from continuing operations of the controlled entity (or group of entities) for the whole of the previous corresponding period	(32,443)

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	X
The accounts are in the process of being audited or subject to review		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			

Attachments Forming Part of Appendix 4D

Attachment #	**Details**
1	Interim Consolidated Financial Report

Signed By	
Chairman *Tony Noun*	*Managing Director* *Anthony Mankarios*
Dated this 29th day of February 2020	

INVENTIS LIMITED

AND ITS CONTROLLED ENTITIES

ABN 40 084 068 673

31 DECEMBER 2019

INTERIM CONSOLIDATED FINANCIAL REPORT

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial report for the six months ended 31 December 2019 and the review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period were:

- Tony Noun (Chairman)
- Anthony Mankarios (Managing Director)
- Peter Bobbin Non- Executive Director
- Alfred Kobylanski (Alternate Director)

Review of Operations

During the period under review, despite very difficult trading conditions Inventis remains on track to achieving its three- year plan that was announced in August 2019.

The performance of the group for the first six months (compared to the same prior period) is as follows:

	Dec-19	Dec-18	%	Note
Statutory Revenue	3,340,418	5,353,641	(37.6%)	
Group Network Sales	6,491,391	5,353,641	21.3%	i
Net Loss	(639,369)	(626,731)	(2.0%)	ii
Normalised Net Loss				
AASB 16 adoption	72,364			
AASB 2 Employee share option	11,669			
Acquisition costs	56,099			
Increased finance costs	36,975			
Non recurring finance costs	83,409			
Add back provison adjustment	(119,223)			
Total Normalised Net Loss	(498,076)	(626,731)	20.5%	

Note

i Includes 6 months 1H20 sales in Winya, IVTT, Workstations, Opentec, GCF (With Winya and Workstations Revenue taken from 1 July 19- 30 Dec-19 for the sake of the YOY comparison). Workstations was acquired 1 Nov-19 and Winya 13th Sept-19, the revenue in the above statutory revenue only took into account approx. $195K in revenue from the workstations acquisition tabled above with Winya treated as 49% equity accounting.

ii Statutory net loss included one- off charges related to expansion and finance charges of $83,409 in 1H20.

During the latter half of this reporting period, the Company appointed Mr Anthony Mankarios as Managing Director; successfully completed a 100% fully subscribed Rights Issue in late January 2020 raising $936,865; and identified and implemented annualised cost-saving initiatives to the value of $1.4 million, with a further $0.4 million scheduled in FY21.

On 13 September 2019, the Commercial Furniture business unit expanded, entering into a supply agreement with Winya Indigenous Furniture Pty Ltd (Winya). Vibe Furniture Pty Ltd (an IVT wholly-owned subsidiary), also acquired a 49% equity stake in Winya; and on 1 November 2019 it also acquired 100% of Workstations Pty Ltd.

- The Winya activity pipeline has increased to over $15.0 million since October 2019; and
- The Workstations activity pipeline has increased to $8.8 million since November 2019.

In addition, the Furniture Division, headed up by General Manager, Greg Welsh,

- Commenced the sale of the AFRDI[1] accredited EOS chair with its unique Dual Density Mark II patented technology that is exclusive to the Inventis Gregory Group;
- Achieved a new record high *delivery in full and on time* of 97%;
- Undertook a full review and enhancement of overall ergonomic ranges within the group encompassing soft seating and Sit-Stand Desk technology;
- Put in place initiatives around stock and inventory enhancements and control;
- Has seen Winya shortlisted for the (ACA) Australian Construction Award 2020 for Diversity and Inclusion; and
- Implement a game changing sustainability program that places Gregory in the forefront in commercial Chair recyclability and an Australian leader in Eco Friendly chairs.

The Division remains committed to scaling up its activity to reach its minimum network sales target of $20M annually.

The Technology Division also announced a new Patent Application registration for WiLAS wireless emergency alert system with "Man-Down" functionality; Mr Jeffry Stone was appointed General Manager; and incorporated Inventis International Pty Ltd in December 2019 to deal with a growing potential in international sales.

During this reporting period, Inventis Technology has,

- Establishment of a new international opportunity with a major United Kingdom client base for our Safezone (ATWS) product;
- Undertook FCC certification[2] testing of the new patented, WiLAS wireless emergency alert system, making it available to a larger international market;
- Built a larger Opentec pipeline that extends to around $10.3 million over the next 36 Months; and
- Undertook further research & development work on our Automated Track Worker System due to be launched by Q4 F20.

The Group's network sales are planned to further improve to 30 June 2020. That is, the second half is expected to produce improved results from a combination of the above as well as the following;

- Increased activity occurring in the last few months indicating a strong increase in tenders and quotes and a focus on new sales orders;
- Anticipated securing of a significant Opentec order pipeline; and
- The commencement of the sale of the AFRDI accredited EOS chair with its Dual Density patented technology.

During this period the group undertook investment in new R&D with 5 new projects underway that will see Inventis retake its natural role as a leader in innovation.

The group has enforced its culture statement and the Board has implemented the Executive Option Scheme initiative approved by shareholders at the last General Meeting as a means to identify and reward future talent.

Events Subsequent to Reporting Date

The company issued ordinary shares as a result of the shortfall in the take up from the initial rights offer in November 2019. The number of shares issued was 140,994,684 and this completed the rights offer from November 2019.

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[1] The Australasian Furnishing Research & Development Institute (AFRDI) is an international, not-for-profit, membership-based organisation that certifies compliance to Australian New Zealand Standards.

[2] The US Federal Communications Commission certifies that electromagnetic interference from electric devices is under limits approved by the Commission. It is a necessary precursor to sales in the US.

In late February 2020 we have signed a Heads of Agreement to acquire a 100% of Bassett Furniture Pty Ltd, www.bassettfurniture.com.au, subject to the due diligence report. Should this due diligence be successful the we expect compete the transaction by 31 March 2020. The market will be updated once the due diligence report has been confirmed.

The Group has also entered into further M&A talks with external interested parties.

Dividends

The Directors do not recommend the payment of a dividend.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included following the director's report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Tony Noun
Chairman
SYDNEY, on this 29th day of February 2020.

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY RYAN POLLETT TO THE DIRECTORS OF INVENTIS LIMITED

As lead auditor for the review of Inventis Limited for the half-year ended 31 December 2019, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Ryan Pollett

Ryan Pollett
Partner

BDO East Coast Partnership

Sydney, 2 March 2020

Inventis Limited
Consolidated Statement of Financial Position
As at 31 December 2019

	Note	31 Dec 2019	30 Jun 2019
Assets			
Cash and cash equivalents		595,787	425,391
Trade and other receivables		1,245,809	1,397,399
Inventories		1,540,429	1,441,583
Prepayments		38,004	27,065
Total current assets		3,420,028	3,291,438
Non-current assets			
Property, plant and equipment	6	159,423	170,274
Right of use assets		922,873	-
Investments accounted for using the equity method		3,514	-
Other financial assets		68,812	16,010
Intangible assets		3,310,420	3,041,883
Total non-current assets		4,465,042	3,228,167
Total Assets		7,885,071	6,519,605
Liabilities			
Trade and other payables		3,305,734	3,878,532
Interest-bearing liabilities	10	6,497,986	949,113
Employee benefits		736,762	550,803
Provision for income tax		2,954	
Total current liabilities		10,543,436	5,378,448
Non-current liabilities			
Interest-bearing liabilities	10	362,997	4,191,828
Employee benefits		15,697	23,113
Total non-current liabilities		378,694	4,214,941
Total liabilities		10,922,130	9,593,389
Net (liabilities) / assets		(3,037,059)	(3,073,784)
Equity			
Share capital		34,267,923	33,603,584
Reserves		(1,084,044)	(1,095,799)
Accumulated losses		(36,220,938)	(35,581,569)
Total equity		(3,037,059)	(3,073,784)

The notes on pages 9 to 20 are an integral part of this interim financial report

Inventis Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 December 2019

	Note	31 Dec 2019	31 Dec 2018
Continuing Operations			
Revenue		3,340,418	5,353,641
Cost of Sales		(1,496,068)	(2,885,486)
Gross Profit		1,844,350	2,468,155
Other income /(expense)		26,338	(12,560)
Share of profits of associates accounted for using the equity method	8(ii)	3,513	-
Expenses			
Manufacturing and operations		(574,696)	(747,055)
Engineering and quality assurance		(102,131)	(218,131)
Administration		(840,541)	(767,291)
Sales and marketing		(876,716)	(892,577)
Impairment of Goodwill		-	-
Results from operating activities		(519,883)	(169,459)
Finance Income		7,306	7,970
Finance expense		(126,791)	(465,481)
Net Finance expense		(119,485)	(457,511)
(Loss) before income tax		(639,368)	(626,970)
Income tax benefit		-	-
(Loss) for the period		(639,368)	(626,970)
Other Comprehensive income			
Foreign currency translation differences for foreign operations		86	628
Other comprehensive income for the period, net of income tax		86	628
Total comprehensive (loss) for the period		(639,282)	(626,342)
Loss per share		**Cents**	**Cents**
Basic (loss) per share		(0.09)	(0.09)
Diluted (loss) per share		(0.09)	(0.09)
Continuing operations			
Basic (loss) per share		(0.09)	(0.09)
Diluted (loss) per share		(0.09)	(0.09)

The notes on pages 9 to 20 are an integral part of this interim financial report

Inventis Limited

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2019

	Issued Capital	Translation Reserve	Accumulated Losses	Total Equity
Balance As at 1 July 2018	33,603,584	(1,096,525)	(33,911,819)	(1,404,760)
Total comprehensive income for the period				
(Loss) for the period	-	-	(626,970)	(626,970)
Other comprehensive income				
Foreign currency translation differences for foreign operations	-	628	-	628
Total other comprehensive (loss) for the period	-	628	-	628
Total comprehensive (loss) for the period	-	628	(626,970)	(626,342)
Total Transactions with owners recorded directly in equity		-	-	
- Other	1	1	(1)	1
Balance as at 31 December 2018	33,603,585	(1,095,896)	(34,538,790)	(2,031,101)
Balance As at 1 July 2019	33,603,584	(1,095,799)	(35,581,569)	(3,073,784)
Total comprehensive income for the period				
(Loss) for the period	-	-	(639,368)	(639,368)
Other comprehensive income				
Foreign currency translation differences for foreign operations	-	86	-	86
Total other comprehensive income for the period	-	86	-	86
Total comprehensive (loss) for the period	-	86	(639,368)	(639,282)
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Issue of Ordinary shares	372,887	-	-	372,887
Shortfall application monies received in advance of share issue	304,674	-	-	304,674
Share based payments	-	11,669	-	11,669
Share Issue costs	(13,222)	-	-	(13,222)
Total Contributions by and distributions to owners	664,339	11,669	-	676,008
Total Transactions with owners recorded directly in equity	-	-	-	
- Other	-	-	(1)	(1)
Balance as at 31 December 2019	34,267,923	(1,084,044)	(36,220,938)	(3,037,059)

The notes on pages 9 to 20 are an integral part of this interim financial report

Inventis Limited
Consolidated Statement of Cash Flows
For the Half Year Ended 31 December 2019

	Note	31 Dec 2019	31 Dec 2018
Cash flows from operating activities			
Receipts from customers		4,109,449	7,092,683
Payments to suppliers and employees		(4,869,409)	(6,923,774)
Cash (used in) /generated from operations		(759,960)	168,909
Interest received		1,797	4,212
Interest paid		(122,090)	(456,320)
Net cash used in operating activities		(880,253)	(283,199)
Cash flows from investing activities			
Purchase of fixed assets		(17,975)	-
Purchase of investments		(2)	
Net cash used in investing activities		(17,977)	-
Cash flows from financing activities			
Net Proceeds from rights offer		664,339	-
Proceeds from borrowings		954,213	1,414,543
Repayment of borrowings		(549,926)	(552,621)
Net cash from financing activities		1,068,626	861,922
Net increase in cash and cash equivalents		170,396	578,723
Cash and cash equivalents at 1 July		425,391	417,928
Cash and cash equivalents at 31 December		595,787	996,651

The notes on pages 9 to 20 are an integral part of this interim financial report

Note 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 Southridge Estate, 2 Southridge Street, Eastern Creek, NSW, 2766. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2019 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report for the Group, as at and for the year ended 30 June 2019 is available upon request from the Company's registered office or at www.inventis.com.au

Note 2: Basis of Preparation

a. Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2019 and any public announcements made by Inventis Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report was authorised for issue by the Board of Directors on 29th February 2020.

b. Basis of measurement

The interim financial report has been prepared on the historical cost basis, except financial assets and liabilities which are recognised initially at fair value.

c. Functional and presentation currency

This interim financial report is presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

Note 3: Significant Accounting Policies

- The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2019 except for leases under AASB 16.
- The accounting policy adopted for AASB 16 is as follows:

  The Group leases a number of assets that include property and equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB 16 the Group recognises right of use assets and lease liabilities for most of these leases.

  At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

  On transition for these leases, the lease liabilities were measured at the present value of the remaining lease payments, discounted at the Groups borrowing rate. The Group did not recognise right of uses assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application or were low value assets. The right of use asset are depreciated on a straight-line basis over the term of the lease. The impact of AASB 16 has been detailed within Note 4.

Note 3: Significant Accounting Policies (continued)

- Right-of-use assets

  A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

  Right of use assets are depreciated on a straight-line basis over the term of the lease. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

  The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

- Lease liabilities

  A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

  Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

- Estimates

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

  In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2019.

Note 3: Significant Accounting Policies (continued)

- Acquisitions

  Business Combination

  Business combination occurs where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

  When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to the fair value in profit and loss, unless the change in value can be identified as existing at acquisition date.

  All transactions costs incurred in relation to the business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit and loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

  Associates

  Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

  When the consolidated entity's share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

  The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet effective have not been adopted.

Note 4: Adoption of AASB 16

Transition approach

The Group has adopted AASB 16 using the modified retrospective approach and has not restated comparative amounts. The Group has followed the simplified option whereby it has measured its lease liabilities at the present value of the remaining lease payments, discounted using the appropriate incremental borrowing rate as of 1 July 2019 of 4.63%.

The associated right-of-use-assets were recognised as of 1 July 2019 as an amount equal to the lease liability, using the prevailing incremental borrowing rate at 1 July 2019, adjusted for accrued lease payments relating to that lease which were recognised in the statement of financial position immediately before 1 July 2019 of $72,364.

As a result, there was no impact on opening retained earnings from the adoption of the standard.

	Leased Property	**Lease Equipment**	**Total**
Right of use asset	699,541	13,696	713,237
Current lease liability	(571,941)	(4,736)	(576,677)
Non-current lease liability	(198,584)	(10,340)	(208,924)
	(70,984)	(1,380)	(72,364)

AASB 16 for the six months ended 31 December 2019:

- Depreciation expense increased by $287,467 relating to the depreciation of additional assets recognised;
- Rental expense decreased by $321,010 relating to previous operating leases;
- Finance costs increased by $18,362 relating to the interest expense on additional lease liabilities recognised; and
- Cash outflows from operating activities decreased by $321,000 and cash outflows from financing activities increased by the same amount, representing the payments for the principal portion of the recognised liabilities.

Reconciliation of Right of Use Assets

Right of use assets recognised upon transition - 1 July 2019	713,237
Right of use assets through business combinations	497,103
Amortisation expense	(287,467)
Balance as at 31 December 2019	922,873

Reconciliation of Lease Liability

Lease liability recognised on transition – 01 July 2019	(785,601)
Lease liability recognised through business combinations	(530,154)
Interest expense and cash payments	302,734
Balance as at 31 December 2019	(1,013,021)

Note 5: Operating Segments

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.

> ***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.

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.

NOTE 5: Operating Segments continued

	Furniture Division		Technology Division		Total	
	31 Dec 2019	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018**	**31 Dec 2019**	**31 Dec 2018**
Total revenue	2,500,813	3,915,898	839,605	1,437,743	3,340,418	5,353,641
Interest revenue	239	15	0	128	239	143
Interest expense	(161,196)	(161,371)	(14,530)	(39,482)	(175,726)	(200,853)
Depreciation	(33,997)	(14,226)	(976)	(2,537)	(34,973)	(16,763)
Amortisation	(495)	(537)	(1,814)	(80,472)	(2,309)	(81,009)
Reportable segment profit before income tax	1,116,818	1,638,211	592,471	619,730	1,709,289	2,257,941

Other material items

		30 June 2019		**30 June 2019**		**30 June 2019**
Reportable segment assets	14,620,304	14,065,590	9,947,736	9,071,975	24,568,040	23,137,565
Reportable segment liabilities	(4,956,605)	(4,399,259)	(469,819)	(315,776)	(5,426,424)	(4,715,035)

NOTE 5: Operating Segments continued

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

	31 Dec 2019	31 Dec 2018
Revenues		
Total revenue for reportable segments	3,340,418	5,353,641
Elimination of inter-segment revenues	-	-
Corporate revenues	-	-
Consolidated revenue from continuing operations	3,340,418	5,353,641
Profit or Loss		
Total profit for reportable segments	1,709,289	2,257,941
Share services Payroll	(1,684,788)	(2,138,381)
Shared services facilities	(389,002)	(398,727)
Shared services corporate load recovery	-	-
Shared services corporate and unallocated amounts	(274,867	(347,803)
Consolidated (loss) / profit before income tax from continuing operations	(639,368)	(626,970)
	31 Dec 2019	**30 Jun 2019**
Assets		
Total assets for reportable segments	24,568,040	23,137,565
Cash and equivalents held in shared services	438,290	406,451
Shared services fixed assets	13,852	55,067
Share services leased assets	449,163	-
Shared services intangible assets	1,513,992	1,283,456
Eliminations and other share service assets	(19,098,266)	(18,362,934)
Consolidated total assets	7,885,071	6,519,605
Liabilities		
Total liabilities for reportable segments	(5,426,424)	(4,715,035)
Interest bearing liabilities held in shared services	(5,146,041)	(4,191,828)
Shared services lease liabilities	(504,082)	-
Eliminations and other shared service liabilities	154,417	(686,526)
Consolidated total liabilities	(10,922,130)	(9,593,389)

Other material items 2019	**Reportable Segment Totals**	**Adjustments**	**Consolidated Totals**
Interest revenue	239	1,558	1,797
Interest expense	(175,726)	53,636	(122,090)
Depreciation	(34,973)	(276,187)	(311,160)
Amortisation	(2,309)	-	(2,309)
Other material items 2018			
Interest revenue	143	4,069	4,212
Interest expense	(200,853)	(255,467)	(456,320)
Depreciation	(16,763)	(17,917)	(34,680)
Amortisation	(81,009)	-	(81,009)

NOTE 5: Operating Segments continued

Geographical Segments

The Group operated in one geographical areas being Australia.

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

	Revenues (31 Dec 2019)	Non-current assets (31 Dec 2019)	Revenues (31 Dec 2018)	Non-current assets (30 Jun 2019)
Australia	3,340,418	4,465,042	5,353,641	3,228,167

Note 6: Property Plant and Equipment

Acquisitions and disposals – Continuing Operations

During the six months ended 31 December 2019 $17,975 of Group assets were acquired (2018: nil)

Note 7: Impairment Testing for Gregory Commercial Furniture

As at 30 June 2019 the impairment testing conducted (as per the annual report) concluded that no impairment losses were incurred in the that period. Subsequent testing for the current half year reporting period indicated that no impairment losses should be recognised and the estimated recoverable amount of the cash generating unit (CGU) in the Furniture division exceeded it's carrying amount by approximately $7,609,222 (as at 30 June 2019 this was $4,594,490).

The value in use was determined by discounting the future cash flows generated from the continuing use was based upon the following key assumptions for:

	31 Dec 2019	30 Jun 2019
Revenue growth in approved forecast for year ended 30 June 2020	(32.2%)	7.0%
Revenue growth in approved forecasts for year ended 30 June 2021	76.2%	10.0%
Annual average revenue growth per annum 2022– 2024	5.0%	5.0%
Inflation per annum	3.0%	3.0%
Average Price growth per annum (2020-2024)	11.3%	5.2%
Cost growth per annum	3.0%	3.0%
Pre-tax discount rate	18.6%	18.6%

The Furniture Division's anticipated improved revenue growth will be impacted through the implementation of the Group's three strategic plan which includes:

a. The full year trading of its acquired subsidiary Workstations Pty Ltd; and
b. The impact of synergies through supply agreements with its associate entity Winya Indigenous Furniture Pty Ltd.

Note 8: Acquisition of Subsidiary and Associate

i. Workstations Pty Ltd

On the 1 November 2019 the Group member Vibe Furniture Pty Limited acquired all the of the shares in Workstations Pty Ltd for a total consideration amount of $1.10. The company provides for the planning, design, supply and installation workstation systems and commercial office furniture.

Due to the timing of the acquisition, the accounting for the acquisition has been determined only provisionally in accordance with AASB 3 Business Combinations'

The acquired business contributed revenues of $195,535 and profit after tax of $24,187 to the consolidated entity for the period from 1 November 2019 to 31 December 2019. If the acquisition occurred on 1 July 2019 the full half-year contributions would have been revenues of $895,556 and profit after tax of $50,715.

The acquisition of Workstations Pty Ltd had the following effect on the Group's assets and liabilities on acquisition date:

In AUD	**Pre-acquisition Carrying amounts**	**AASB16 adjustment**	**Recognised Values on Acquisition**
Cash and cash equivalents	1,268	-	1,268
Trade and other receivables	214,556	-	214,556
Inventories	118,095	-	118,095
Property, plant and equipment	-	473,709	473,709
Other financial assets	52,901	-	52,901
Trade and other payables	(299,934)	-	(299,934)
Interest-bearing liabilities	(265,000)	(508,938)	(773,938)
Employee benefits	(56,519)	-	(56,519
Provision for Income tax	(3,061)	-	(3,061)
Net identifiable assets and Liabilities	(237,694)	(35,229)	(272,923)
Goodwill on Acquisition			272,924
Consideration paid			1

ii. Winya Indigenous Furniture Pty Ltd

On the 13 September 2019 the Group's member Vibe Furniture Pty Limited acquired 49% of the shares in Winya Indigenous Furniture Pty Ltd for a total consideration amount of $1.10. Winya Indigenous Furniture Pty Ltd is a majority Indigenous owned and controlled business, supplying workstations, sit-stand desks, task seating, lounges and storage, lockers and boardrooms.

The Group has determined it has significant influence over Winya and hence has applied equity accounting in accordance with AASB 128 *Investments in associates and joint ventures.*

Note 10: Loans and Borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2019:

	Currency	Interest Rate %	Carrying Amount	Year of maturity
Balance as 30 June 2019			5,140,941	
AASB16 Lease Liability take up		4.63	1,315,755	
Proceeds				
Related Party Loan		7.75	954,213	2020
Repayments				
Net Debtors invoice finance	AUD	9.80-9.91	(247,192)	On-going
Lease liability	AUD		(302,734)	
Balance as 31 December 2019			6,860,983	

The lease liability taken up under AASB 16 includes amounts an adoption (refer to note4) in addition to leases acquired (refer to note 8)

NOTE 11: Going Concern

For the half-year ended 31 December 2019, the Group recorded a loss from continuing operations of $639,368 (2018: $626,970). The Group also incurred net cash outflows from operating activities of $880,253 for the half-year ended 31 December 2019, while net cash inflows from financing activities for the half year ended 31 December 2019 was $1,068,626. As at 31 December 2019, the Group's current liabilities exceeded its current assets by $7,123,408 as opposed to current liabilities exceeding current assets by $2,087,010 as at 30 June 2019. This has been impacted by the recognition of current liabilities for leases as required by AASB16 of $650,024 and the reclassification of the long-term loan as current due to its expiry in September 2020 totalling $5,146,040. Taking these items into account the current liabilities would have exceed current assets by $1,327,344.

The half-year financial report has been prepared on the going concern basis of accounting, 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 31 December 2019 the Group was in breach of certain loan covenants under facilities in place with THN Capital Solutions Pty Limited. These facilities are disclosed as current liabilities in the statement of financial position. The Group intends to seek a further waiver for the breach from its financier noting the Group is in the process of discussion with its financier about on-going facilities which would include a convertible note issue. The financier has expressed an interested in underwriting an issue of convertible notes or a similar instrument in the range of $3 million to $4 million.

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 raising additional equity or loan financing as and when required. A fully subscribed rights issue was undertaken in November 2019 and completed by January 2020 raising $936,866.

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.

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:

NOTE 11: Going Concern continued

- Management has prepared a forecast that shows that the Group will generate a profit and positive cash flows for the remainder of year ending 30 June 2020 and the full financial year ended 30 June 2020. 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;
- The Group has significant local and international supply agreements with both multinational commercial organisations and government entities across all both operating divisions.
- The Directors are confident that the Group has sufficient facilities in place to meet the Group's requirements for 2020 and that while not all covenants have been met to maintain these facilities, the funder has agreed to a deed of variation for the long-term funding increase to the Group. The Group has the following finance facilities in place at 31 December 2019:
    - A debtor finance facility of $4,350,000 with THN Capital Solutions Pty Limited, a related party of the Group, which was drawn to the value of $ 701,921 as at balance date and a total potential availability of $3,648,079; and
    - A term loan facility with THN Capital Solutions Pty Limited of $5,300,000, which was drawn to $5,146,040 at balance date. This facility is currently being reviewed with its financier in light of the Groups expansion plans and funding options; and
    - Temporary customer purchase order funding is available to cover specific purchase orders on a case by case basis.

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 and that it will return to profitability on a sustainable basis. 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 12: Related Parties

The following were key management personnel of the Group at any time during or after the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-executive directors	**Executive Directors**
Tony Noun	Anthony Mankarios (Managing Director)
Peter Bobbin	Alfred Kobylanski (Alternate Director)

Executives – Key Management Personnel

Alfred Kobylanski

Mr Jeffery Stone

Mr Greg Welsh

Paul Vranich (Employment ceased 06 November 2018)

i. *Key management personnel compensation*

Key management personnel receive compensation in the form of short term employee benefits and post-employment benefits

ii. *Other key management personnel transactions*

A loan provided by entities associated with Mr Tony Noun was provided to the Company during the period for $954,213 (2018 $1,199,739) and repayments of $247,192 (2018: $522,621) were made.

Trade debtor finance is provided by an entity associated with Mr Tony Noun as at 31 December 2019 the balance of this facility was $701,921 (2018: $1,496,707).

The Company paid interest of $278,907 (2018: $450,361) to an entity associated with Mr Tony Noun for the provision of a related party loan.

From time to time, key management personnel of the Group, its subsidiaries or their related entities, may purchase from or sell to the Group goods and services. These sales and 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.

NOTE 13: Contingent Liabilities

The Directors are not aware of any contingent liabilities in existence at reporting date.

NOTE 14: Events Subsequent to Reporting Date

The company issued ordinary shares as a result of the shortfall in the take up from the initial rights offer in November 2019. The number of shares issued was 140,994,684 and this completed the rights offer from November 2019.

In late February 2020 we have signed a Heads of Agreement to acquire a 100% of Bassett Furniture Pty Ltd, www.bassettfurniture.com.au, subject to the due diligence report. Should this due diligence be successful the we expect compete the transaction by 31 March 2020. The market will be updated once the due diligence report has been confirmed.

Apart from the above there has not arisen in the interval between the end of the half year ended 31 December 2019 and the date of this report any item, transaction or event of a material nature 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.

Directors' Declaration

In the opinion of the directors of Inventis Limited ("the Company"):

(1) the financial statements and notes set out on pages 5 to 20, are in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the six-month period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 29th day of February 2020

Signed in accordance with a resolution of the directors.

Tony Noun
Chairman

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Inventis Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Inventis Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 11 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134

Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

Ryan Pollett

Ryan Pollett
Partner

Sydney, 2 March 2020