

# Nvoi

## Annual Report 2018



Supporting the global shift to flexible work

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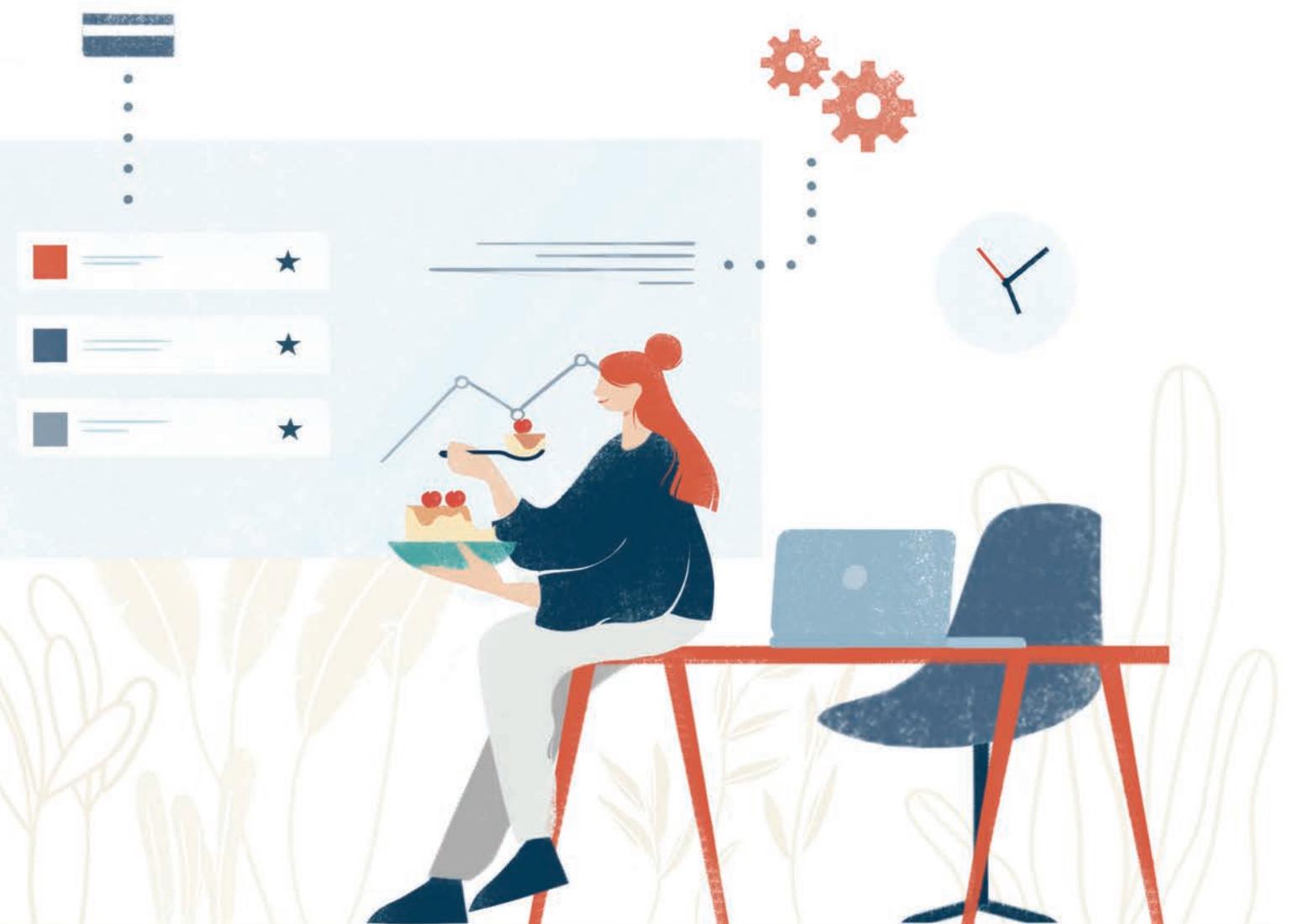
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Corporate Directory



# Meet Nvoi

**Our vision** is to enable skilled professionals and organisations to adapt to the rapidly changing process of traditional work arrangements, by accessing the Open Talent Marketplace and using Nvoi technology and software to innovate the way we work.



# Chairman's Letter

“

Nvoi has built a robust proprietary matching algorithm that is key to accelerating the speed to hire. Using AI and Analytics, we will continue to improve the quality of matches making the shift to flexible work arrangements simple, easy and effective.

Andrew Dutton, Non-Executive Chairman



Dear Shareholders,

**It is with pleasure that I present our Annual Report for the financial year ended 30 June 2018, reflecting a productive year where we launched our new enterprise platform, continued to develop strategic partnerships and increased engagement amongst corporate customers.**

We have achieved the company's goal upon listing: "to launch a global workforce marketplace which provides businesses with an advanced talent-on-demand cloud-based Platform that delivers a scalable and flexible approach to securing top talent for on-site, non-permanent work assignments."

Achieving this goal has been a 2-year journey not without its challenges.

With our initial version of the platform, digital marketing strategies were deployed to attract and engage skilled talent onto the platform. Over 15,000 users were acquired. Interest was high but over the coming months job opportunity placements were insufficient to match the registered talent pool and therefore revenue growth was disappointing.

Effort was re-focussed at hiring opportunities in high growth companies employing professionals. Increasing job openings on the platform was essential. Additional support was provided to hiring companies, through both indirect and direct means. This was effective in driving momentum and proving the platform's viability.

With the launch of the enterprise version of the platform, we have a strong and fully functional software platform which can operate as an open marketplace or be used internally by companies wishing for a Software-as-a-Service (SaaS) solution.

In July 2018 we announced a working relationship with IBM to collaborate to further enhance our platform and, using AI, provide additional capability to entice adoption. The intent of this collaboration is to combine new and existing digital technologies to optimize and support the future of work. Businesses remain interested in managing their ever-growing contingent workforce. SaaS sales-cycles are slow but interest in this offering continues to grow.

In summary, we can recruit, match, interview, pay the candidate, bill the employer and carry the responsibilities for statutory payments. Being end-to-end provides companies with visibility on rates, skills, utilisation helping companies to manage their independent contractor workforce more efficiently and cost effectively. This is a game changer however, changing deeply embedded HR processes takes time.

## Outlook

Nvoi's target markets are changing rapidly with the implementation of new technology and digital workplaces. Independent contractors and employers are increasingly looking for more efficient ways of engaging and managing work-staff needs. "Current USA Bureau of Labour Statistics research (October 2018) shows that by 2020, 41% of the US workforce will be independent contractors." Josh Bersin, world known industry analyst and founder of Bersin by Deloitte, believes that as organisations move further into the digitisation of their Talent and business models this percentage will grow.

## Key highlights

**\$1.2m**

Platform billings

**2.38** Corporate engagement  
(defined as new jobs / new customers)

**4,300**

Candidates 'available for hire'

**15,000+**

Registered candidates

**825**

Companies on the platform

**950**

Registered hiring managers

**\$7.2m**

R&D investment, inception to date

After the year of evolution of our product, we are confident Nvoi's platform can meet the digital needs of corporate and contractors alike.

In the years ahead, we will continue to grow our brand and profile, leveraging our partners, and focusing on driving adoption.

As we reflect on this year of positive growth for Nvoi, I would like to thank my fellow Board members for their leadership, our shareholders and our staff who have developed a unique platform to support corporates and candidates in the digital future of work.

I anticipate this momentum will continue to build in 2019, and I look forward to sharing our success with you.



**Andrew Dutton**  
Non-Executive Chairman



# The Nvoi Employment Solution



## Harnessing industry momentum

Nvoi offers a unique software platform that streamlines the hiring and management of contingent workers. It is clearly focussed on disrupting the old, inefficient, manual and expensive way of recruiting by providing corporations, both large enterprises and SMEs, with a new and transparent means to access available and skilled contract or contingent workers.

## Tapping into growth

The market opportunity is growing rapidly, with an estimated 50% of the global workforce expected to be independent contractors by 2020. And Australia is only moments behind with 25% of the workforce expected to be employed on a contract basis by 2020, up from 11% in 2015. This represents 3.2 million workers domestically and 1.75 billion globally\*

## Meeting increased demand

Two factors are forcing up demand – the growing skills shortage and the fact that traditional recruitment methods do not help companies address this issue. As a result, the demand for digital recruitment solutions is growing and an estimated 75% of hiring managers are already using some form of software to improve their hiring process.



\* Ben Eurbanks, Associate HCM Analyst, Brandon Hall Group, June 2015

## Nvoi's proprietary solution

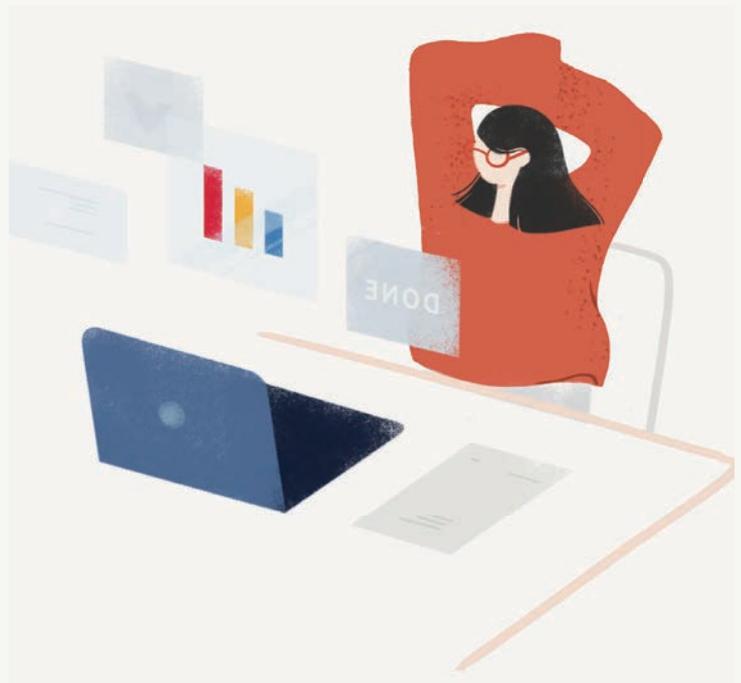
Nvoi's intuitive platform removes all the traditional impediments throughout the hiring cycle. Not only does it connect hiring managers to candidates, it also manages all the related administration including candidate vetting, payroll, taxes and superannuation. By eliminating all friction points in the existing recruitment process, Nvoi creates a simpler, faster, cheaper and more effective and seamless experience for both sides of the market.



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## Speed to market

The value of the Nvoi platform lies in our ability to provide hiring managers with access to available and skilled candidates in seconds. Our proprietary matching algorithm is able to search our database of over 14,000 registered candidates in seconds to provide a pool of candidates with matching skills.



# CEO's Letter

“

Our progress has led to our Platform Billings for the year increasing from just \$75,679 in FY2017 to a substantial \$1,221,042 for FY2018. This increase represents an encouraging signal that our platform and technology is what the industry needs.

Jennifer Maritz, Chief Executive Officer



Dear Shareholders,

**I am very pleased to be providing this report on the progress that Nvoi Limited (Nvoi) has made over the past year, the milestones delivered, and the clear focus for the team over the next quarter and beyond.**

We are the only digital end-to-end solution for managing contractor workforces and have made real progress on all our strategic priorities, providing the foundation for delivering on our growth strategy, namely:

1. Digital Technology
2. Strategic Partnerships
3. User Experiences

Our progress has led to our Platform Billings for the year increasing from just \$75,679 in FY2017 to a substantial \$1,221,042 for FY2018. This increase represents an encouraging signal that our platform and technology is what the industry needs.

### Digital Technology – Enterprise Platform

The launch of the Enterprise platform has met with success in several areas and we now offer the most innovative, digital workplace employment solution in the market. The new features, developed from corporate feedback, provide improved insight to better manage budgets and compliance and a solution to significantly improve the speed and ease of hiring contract staff, negating the need to build in house platforms.

By including the ability for ABN holders to register on the Platform, Nvoi expands the opportunity for all types of independent contractors, further expanding the talent pools from which corporates can select skills, as well as streamlining their internal processes.

Having our Platform on the Cloud also ensures the digital workforce and employer have access, security, speed and flexibility to meet the demands and applications of today's industry.

### Strategic Partnerships – Collaboration with industry

Scale is key for rapid acceleration and revenue growth. Collaboration is underway with relevant corporates who require flexible and efficient contractor engagement and management, essential components for Nvoi's vision, strategy and progress.

Building an awareness of the Nvoi solution amongst key relevant industry and corporate participants has been a focus and we are seeing that focus pay off. We are in various stages of discussion and partner collaboration to expand routes to market for both our "as a service" solution and the existing open market place. Examples include IBM, Federal and Local government and early adopters such as Bank of Queensland, BDO, Specsavers, Interactive, just to name a few. I look forward to being able to update shareholders soon as these collaborations, new and existing, translate into further business.

## User Experience – Engagement and Feedback

It has been very satisfying to receive stakeholder feedback from our partners, customers and contractors on the ease, efficiency and intuitiveness that our Platform provides. It is crystal clear that Australia's workforce is shifting in recent years with the impact of accelerated technological improvement. By 2020 Australia is forecasted to having a contracting workforce of about 3.2 million and continue accelerating thanks to technological advances in fast mobile internet availability, Artificial Intelligence, and advanced telecommunications. We are confident at Nvoi, that we are well positioned with our technologically advanced and intuitive platform, to meet the needs of this growing industry and marketplace in the coming years.

The 2018 year has been one of considerable change for Nvoi as we recognised the need to evolve our product to match an ever-changing market. In doing so we had to invest in the platform to meet the needs of our partners, customers and industry and we have worked hard on the resultant solution to ensure it meets the demands of the digital workforce and contracting employer. Recent achievements include:

- Expanded functionality with the launch of the Enterprise Version of the Platform in April;
- Good ongoing progression with our IBM Collaboration Agreement;
- Broadening sales coverage to include labour hire companies using Nvoi's SaaS solution internally;
- Substantial increase in platform billings to \$1.22m

With this considerable progress achieved to date and our Platform now being rolled out, promoted and well received, I am looking forward to securing new corporate accounts and increasing our registered user network. Our business development is focused on industry alliances and partnerships which we've identified as the most effective strategy to get to market quickly and is already proving beneficial. Cementing those partnerships commercially is a core consideration and we're pleased with the early response to date with more to do now that momentum has commenced.

I reiterate to all shareholders that their board and management team are fully committed to achieving our vision of being the leading Australian digital solution for the evolving contractor workforce. Our efforts provide a concrete platform to build on that vision and I look forward to continuing to deliver news of our success throughout the year.



**Jennifer Maritz**  
Chief Executive Officer



# Leadership Team



**Andrew Dutton**  
Chairman

- Experienced Chairman and Director.
- Currently Chairman of Lands Registry Services.
- Previous positions include senior executive leadership roles at Integrated Research Limited, VM Ware across Asia Pacific Japan (whilst based in Singapore), IBM (based in Hong Kong and Tokyo), Computer Associates (based in London and New York), Visa International (based in Singapore) and BEA Systems (based in London).



**Jennifer Maritz**  
CEO & Executive Director

- 25+ years' experience in business and the IT sector.
- Previously Vice President of Global Complex Sales at IBM covering more than 16 countries.
- Chief Operating Officer for IBM Asia Pacific Global Business Services.
- CFO of IBM's Global Business Outsourcing division.



**Pamela Cass**  
Non-Executive Director

- Senior marketing executive with 20+ years' experience in the IT industry.
- Currently VP Marketing for VMware Asia Pacific and Japan.
- Previously held senior marketing positions within global software and hardware providers looking to establish a presence within the Asia Pacific region, including Japan.





### Alec Bashinsky

#### Non-Executive Director

- 30+ years' experience in global talent transformation and innovation in professional services and technology.
- Currently Managing Partner, Blackhall & Pearl Talent Services.
- Previously CHRO – National Partner, People and Performance with Deloitte Australia including being Deloitte's Asia Pacific Talent Leader, responsible for 46,000 employees in more than 120 cities in 20 countries. Prior to Deloitte, Alec held CHRO roles at PeopleSoft, Cisco Systems and 3Com.
- Won many prestigious national awards including twice being named Australian HR Director of the Year (2006 & 2011) at the Australian HR Awards.



### Michael Bermeister

#### CFO & Company Secretary

- 25+ years' CFO experience in the IT and HR sectors.
- Previously held executive positions at Oracle Australia & Asia Pacific, Sybase Australia, Talent2 and Adept Business Systems.
- Chartered Accountant and a member of the Australian Institute of Company Directors.



# Directors' Report

for the year ended 30 June 2018

Your directors present their report on the consolidated entity of Nvoi Limited and the entities it controlled at the end of, or during, the year ended 30 June 2018. Throughout the report, the consolidated entity is referred to as the group.

## Directors

The following persons were directors of Nvoi Limited during the whole of the financial year and up to the date of this report (unless otherwise stated):

Andrew Dutton	Non-Executive Chairman
Jennifer Maritz	Executive Director and CEO
Pamela Cass	Non-Executive Director
Alec Bashinsky	Non-Executive Director
Tim Ebbeck	Non-Executive Director (resigned effective 31 August 2017)

The company secretary is Michael Bermeister.

## Principal activities

The primary activity in the period under review was the development of an advanced Talent-On-Demand cloud-based Platform ("The Platform") that delivers a scalable and flexible approach to securing and managing top talent for on-site, non-permanent work assignments in, typically, white-collar job roles, and for workers to promote themselves to access contingent assignment work.

## Review of Operations

This year represents Nvoi's first complete financial year with an operational Platform, growing Platform Billings from \$75,679 in 2017 to \$1,221,042 in 2018.

During the year, the company successfully raised an additional \$1,000,000 (before expenses) from an existing shareholder that was used to bolster sales and marketing efforts.

In August 2017, Mr. Timothy Ebbeck resigned from the Board. There were no other significant changes to the Board or key executive personnel.

### *The Platform*

In early April 2018, Nvoi deployed its Enterprise version of the platform, dramatically expanding the functionality offered, including departmental budgeting, forecasting, timesheet management and utilization optimization, talent pooling, support for both ABN and TFN contractors, and addressing the needs provided by early adopters. The Company now has a cutting-edge platform to support end to end contract workforce management from sourcing through to reporting and rating. Nvoi's solution has removed all friction points in the traditional manual contractor management process and is well positioned to take advantage of the growing contractor market and shift to flexible workforces.

### *Our Partnerships*

In April 2018, Nvoi announced a new partnership with Enboarder, which expands our end to end contractor workforce management by enhancing the candidate experience through their unique onboarding workflow technology. Enboarder offers a world leading employee engagement solution for hiring managers to communicate with candidates and create amazing employee experiences.

In early July 2018, Nvoi announced an IBM collaboration agreement, to create and market solutions which combine IBM Cloud and various Software as a Service (SaaS) offerings together with Nvoi's unique workforce-as-a-service platform. The initial focus will be on how the Cognitive Talent Solutions portfolio can enhance the candidate experience while also improving recruiter efficiency.

### *Sales Progress and Strategy*

The Group remains focused on a 'land and expand' sales strategy, focusing on securing new corporate clients and then increasing the number of job roles within those clients. Already, this strategy has proven successful with early customer engagement (defined as new jobs posted / new customers registered) increasing 134% between December 2017 and June 2018.

Candidate acquisition remains strong, with over 15,000 candidates registering on the platform and over 4,000 flagged as ready for work. Nvoi is working towards increasing the engagement among these users.

# Directors' Report

for the year ended 30 June 2018

## Operating activities

Excluding R&D tax credits, recognised revenue (being platform revenue, interest & other Income) for the year ended 30 June 2018 increased 51% to \$133,194 versus \$88,375 for the same period last year. R&D tax credits decreased to \$229,111 (2017: \$1,403,411), associated with planned reductions in current year R&D activities, plus the accumulated backlog of R&D tax credits in the comparative year.

Net losses decreased 17% to \$3,549,914 for the year ended 30 June 2018 versus \$4,280,081 for the same period last year. Cash on hand at 30 June 2018 was \$1,130,192 as compared to \$3,441,914 at 30 June 2017.

## Dividends

No dividends were declared or paid during the year ended 30 June 2018. No recommendation of dividend has been made.

## Events since the end of the financial year

No matter or circumstance has arisen since 30 June 2018 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

## Information on directors

The following information is current as at the date of this report.

<b>Andrew Dutton</b>	<b>Non-Executive Chairman</b>
Experience and expertise:	Andrew is an experienced Chairman and Director, with a career as CEO and Executive Leader in several global technology companies. He is currently Chair of Lands Registry Services (the privatised NSW Lands Titles Office) and was recently Interim CEO for Integrated Research Limited. Prior to that he was Chairman of SAI Global Ltd. He also led and grew VM Ware across Asia Pacific Japan whilst based in Singapore. Andrew's previous roles have included Senior VP and Executive Management, for IBM based in Hong Kong and Tokyo, for CA Technologies based in London and New York, Visa International based in Singapore and BEA Systems based in London. Andrew holds a Bachelor of Science degree and is a member of the Australian Institute of Company Directors.  Andrew was appointed Chairman of Nvoi in July 2016.
Interest in shares and options:	1,385,891 ordinary shares.
<b>Jennifer Maritz</b>	<b>Executive Director and Group CEO</b>
Experience and expertise:	Jennifer brings more than 25 years of experience in business and the IT sector. Prior to Nvoi, Jennifer served as Vice President of Global Complex Sales at IBM where she covered more than 16 countries. Her experience also includes the role of Chief Operating Officer for IBM Asia Pacific Global Business Services, and CFO of IBM's Global Business Outsourcing division. Jennifer is a member of the Institute of Chartered Accountants and also a member of the Australian Institute of Company Directors. She holds an Honours Degree in Accounting Science and a Bachelor of Commerce degree.  Jennifer was appointed CEO of Nvoi in December 2016.
Interest in shares and options:	1,006,039 ordinary shares held by immediate family. 9,000,000 vested options exercisable at 10c per option. 1,500,000 unvested options exercisable at 3c per option.
<b>Pamela Cass</b>	<b>Non-Executive Director</b>
Experience and expertise:	Pamela is a senior marketing executive with more than 20 years' experience in the IT industry. She has held a number of senior marketing management positions within global software and hardware providers looking to establish presence within the Asia Pacific region, including Japan. Her core skill base is in the planning and implementing of growth strategies across the marketing, sales management and business development environment. Based in Sydney, she is currently the Vice President of marketing for VMWare Asia Pacific and Japan. Pamela holds a Bachelor of Arts and a Master of Arts.  Pamela was appointed director of Nvoi in January 2016.
Interest in shares and options:	925,906 ordinary shares.
<b>Alec Bashinsky</b>	<b>Non-Executive Director</b>
Experience and expertise:	Alec is currently the Managing Partner, Blackhall & Pearl Talent Services which focuses on HR/Culture Transformation, Future of Work, the Talent Experience and Diversity & Inclusion through the facilitation of advanced AI tools and insights across Asia Pacific. Alec has been with Deloitte Australia for 13 years as CHRO – National Partner, People and Performance. He was also Deloitte's Asia Pacific Talent Leader, responsible for 46,000 employees in more than 120 cities in 20 countries. Prior to Deloitte, he held CHRO roles at PeopleSoft, Cisco Systems and 3Com. Alec has won many prestigious national awards including twice being named Australian HR Director of the Year (2006 and 2011) at the Australian HR Awards.  Alec is currently a Board Member at HRonBoard and the Diversity Council Australia.  Alec was appointed director of Nvoi in June 2017.
Interest in shares and options:	678,795 ordinary shares held by indirect interests.

# Directors' Report

for the year ended 30 June 2018

## Meetings of directors

The number of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Meetings of Directors		Meetings of committees			
	Held	Attend	Audit & Risk		Remuneration	
	Held	Attend	Held	Attend	Held	Attend
Andrew Dutton	10	10	5	5	3	3
Jennifer Maritz	10	10	5	5	3	3
Pamela Cass	10	9	5	5	3	3
Alec Bashinsky	10	7	4	4	-	-
Tim Ebbeck (resigned effective 31 August 2017)	2	1	2	1	-	-

## Remuneration report (audited)

The directors present the Nvoi Limited 2018 remuneration report, outlining key aspects of the remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

- Key management personnel covered in this report
- Remuneration policy and link to performance
- Non-executive director's arrangements
- Executive management remuneration
- Details of remuneration
- Executive service agreements
- Share-based compensation

### (a) Key management personnel covered in this report

#### Non-executive and executive directors

Andrew Dutton	Non-Executive Chairman
Jennifer Maritz	Executive Director and Group CEO
Pamela Cass	Non-Executive Director
Alec Bashinsky	Non-Executive Director
Tim Ebbeck (resigned effective 31 August 2017)	Non-Executive Director

#### Other key management personnel

Name	Position
Michael Bermeister	Group CFO

### (b) Remuneration policy and link to performance

Our nomination and remuneration committee is made up of independent non-executive directors. The committee reviews and determines our remuneration policy and structure annually to ensure it remains aligned to business needs, and meets our remuneration principles. From time to time, the committee may engage external remuneration consultants to assist with this review. In particular, the board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent
- aligned to the company's strategic and business objectives and the creation of shareholder value
- transparent and easily understood, and
- acceptable to shareholders.

### (c) Non-executive director's arrangements

Non-executive Director's fees are determined within an aggregate fee pool limit, which is periodically recommended for approval by shareholders. The current fee aggregate limit is \$300,000. They do not receive performance-based pay or non-statutory retirement allowances. The chairman does not receive additional fees for participating in or chairing committees.

All non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director. Directors are also eligible to participate in salary sacrifice share purchase schemes, subject to share issue approval from shareholders.

# Directors' Report

for the year ended 30 June 2018

## (d) Executive management remuneration

The consolidated entity aims to reward its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the executive remuneration policy the remuneration of senior executives may comprise the following:

- fixed salary that is determined from a review of the market and reflect core performance requirements and expectations
- a performance bonus designed to reward actual achievement by individual performance objectives and for materially improved consolidated entity performance
- participation in share / option scheme with thresholds approved by shareholders
- statutory superannuation

The combination of these comprises the executive's total remuneration.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Board aims to align the interest of senior executives with those of shareholders and increase Group performance.

The objective behind using this remuneration structure is to drive improved Group performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect of payment of bonuses, share options and other incentives.

## (e) Details of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term Benefits	Share-based payments	Total	Performance Related
	Cash salary and fees	Cash bonus	Non-Monetary	Super-annuation	Long service leave	Share Options		
	\$	\$	\$	\$	\$	\$	\$	
<b>2018</b>								
Non-Executive Directors:								
Andrew Dutton	95,661	-	-	4,338	-	-	99,999	0%
Pamela Cass	47,831	-	-	2,169	-	-	50,000	0%
Alec Bashinsky	45,748	-	-	2,169	-	-	47,917	0%
Timothy Ebbeck	8,333	-	-	-	-	-	8,333	0%
Executive Directors:								
Jennifer Maritz	328,767	-	-	31,233	-	10,998	370,998	0%
Key Management Personnel:								
Michael Bermeister	182,648	-	-	17,352	-	26,025	226,025	0%
	708,988	-	-	57,261	-	37,023	803,272	0%

	Short-term benefits			Post-employment benefits	Long-term Benefits	Share-based payments	Total	Performance Related
	Cash salary and fees	Cash bonus	Non-Monetary	Super-annuation	Long service leave	Share Options		
	\$	\$	\$	\$	\$	\$	\$	
<b>2017</b>								
Non-Executive Directors:								
Andrew Dutton <sup>(1)</sup>	100,304	-	-	9,529	-	-	<sup>(2)</sup> 109,833	0%
Timothy Ebbeck	67,917	-	-	-	-	-	<sup>(2)</sup> 67,917	0%
Pamela Cass <sup>(1)</sup>	56,660	-	-	5,383	-	-	<sup>(2)</sup> 62,043	0%
Alec Bashinsky <sup>(1)</sup>	1,903	-	-	181	-	-	2,084	0%
Executive Directors:								
Jennifer Maritz	191,781	-	-	18,219	-	21,171	231,171	0%
Warwick Kirby	211,459	-	-	19,521	-	-	<sup>(2)</sup> 230,980	0%
Mark Rowlands	245,482	-	-	23,136	-	<sup>(3)</sup> 18,819	<sup>(2)</sup> 287,437	0%
Key Management Personnel:								
Michael Bermeister	90,632	-	-	8,610	-	1,996	101,238	0%
	966,138	-	-	84,579	-	41,986	1,092,703	0%

<sup>(1)</sup> Fees did not include an accrual for 50% sacrificed (with effect from 1 May 2017) but subsequently paid (and disclosed) in the 2018 year.

<sup>(2)</sup> During the 2017 year, Andrew Dutton (\$18,167), Timothy Ebbeck (\$17,917), Pamela Cass (\$16,210), Warwick Kirby (\$50,000) and Mark Rowland (\$50,000) all received fees relating to services performed by them during the previous financial year.

<sup>(3)</sup> Per IFRS accounting standards, notional values remain attributable to share options issued but subsequently forfeited.

# Directors' Report

for the year ended 30 June 2018

## (f) Director and executive service agreements

The remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are:

Position	Key terms of service agreements	
Non-Executive Directors:	Term:	Unspecified
	Base remuneration:	Each \$25,000 (Chairman \$50,000) inclusive of statutory superannuation. Reviewed annually by the Nomination and Remuneration Committee. Effective 1 May 2018, the Non-Executive Directors agreed to a 50% reduction in remuneration (from the prior year each \$50,000 (Chairman \$100,000) inclusive of statutory superannuation).
	Bonus entitlements:	None
Position	Key terms of service agreements	
Chief Executive Officer:	Term:	Unspecified
	Base remuneration:	\$360,000 inclusive of statutory superannuation. Reviewed annually by the Nomination and Remuneration Committee
	Bonus entitlements:	Determined annually by the Nomination and Remuneration Committee (currently capped at \$50,000)
	Termination notice period:	3 months' notice or alternatively in Nvoi's case, payment in lieu of notice
Other Executives including the Group CFO:	Other Executives are employed under individual executive services agreements. These establish, amongst other things: <ul style="list-style-type: none"> <li>total compensation;</li> <li>eligibility to participate in bonus entitlements (capped at 40% of base remuneration) and LTI (Options) programs;</li> <li>termination provisions of 1 month, or by Nvoi without notice in the event of serious misconduct.</li> </ul>	

## (g) Share-based compensation

### Options

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting and exercise dates	Expiry date	Exercise price	Value per option at grant date	Vesting hurdles	% Vested
23 Nov 2016	Price based hurdles	23 Nov 2021	10.0c	4.77c	20% at share price 30c, 40% vesting at 50c, 40% vesting at 70c	0%
30 Nov 2016	Price based hurdles	30 Nov 2021	10.0c	4.77c	20% at share price 30c, 50% vesting at 50c, 30% vesting at 70c	0%
15 Feb 2017	Price based hurdles	15 Feb 2022	10.0c	3.55c	20% at share price 30c, 40% vesting at 50c, 40% vesting at 70c	0%
29 Sep 2017	Time based hurdles	29 Sep 2022	3.0c	2.45c	50% after 12 months, 25% after 24 months, 25% after 36 months	0%
28 Nov 2017	Time based hurdles	28 Nov 2022	3.0c	1.77c	50% after 12 months, 25% after 24 months, 25% after 36 months	0%
7 Jun 2018	Time based hurdles	7 Jun 2023	3.0c	0.67c	50% after 12 months, 25% after 24 months, 25% after 36 months	0%

Options vesting on price-based hurdles is based on the 20-day weighted average price at which the company's shares are traded on the Australian Securities Exchange during the period up to and including the date of vesting.

Options vesting on time-based hurdles is based on the employee remaining employed by the group for the relevant period (in months) following the grant date of those options.

The number of options over ordinary shares in the company provided as remuneration to key management personnel is shown below. These options carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of Nvoi Limited.

### Reconciliation of Options to Key Management Personnel

2018 Name, Grant dates Vesting hurdles	Balance at the start of the year		Granted as compensation	Vested Qty	Vested %	Exercised	Forfeited Qty	Forfeited %	Other changes	Balance at the end of the year		Value of options issued during year
	Vested and exercisable	Unvested								Vested and exercisable	Unvested	
<b>Jennifer Maritz</b>												
2017 Options @ 10c												
Price based hurdles	-	9,000,000	-	-	-	-	-	-	-	-	9,000,000	-
2018 Options @ 3c												
Time based hurdles	-	-	1,500,000	-	-	-	-	-	-	-	1,500,000	\$26,618
<b>Michael Bemeister</b>												
2017 Options @ 10c												
Price based hurdles	-	1,000,000	-	-	-	-	-	-	-	-	1,000,000	-
2018 Options @ 3c												
Time based hurdles	-	-	2,000,000	-	-	-	-	-	-	-	2,000,000	\$48,988
		10,000,000	3,500,000	-	-	-	-	-	-	-	13,500,000	

# Directors' Report

for the year ended 30 June 2018

2017 Name, Grant dates Vesting hurdles	Balance at the start of the year		Granted as compensation	Vested		Exercised	Forfeited		Other changes	Balance at the end of the year		Value of options issued during year
	Vested and exercisable	Unvested		Qty	%		Qty	%		Vested and exercisable	Unvested	
<b>Jennifer Maritz</b> 2017 Options @ 10c Price based hurdles	-	-	9,000,000	-	-	-	-	-	-	-	9,000,000	\$21,171
<b>Michael Bermeister</b> 2017 Options @ 10c Price based hurdles	-	-	1,000,000	-	-	-	-	-	-	-	1,000,000	\$1,996
			10,000,000								10,000,000	

There were no other transactions conducted between the group and key management personnel or their related parties, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

## Shareholding

The number of ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance as at 30 June 2018
<b>Non-Executive Directors:</b>					
Andrew Dutton	-	-	<sup>(2)</sup> 1,385,891	-	1,385,891
Timothy Ebbeck <sup>(1)</sup>	205,000	-	-	-	205,000
Pamela Cass	-	-	<sup>(2)</sup> 925,906	-	925,906
Alec Bashinsky	-	-	<sup>(2)</sup> 678,795	-	678,795
<b>Executive Directors:</b>					
Jennifer Maritz	212,790	-	793,249	-	1,006,039
<b>Other Key Management Personnel:</b>					
Michael Bermeister	-	-	-	-	-

<sup>(1)</sup> up to date of resignation

<sup>(2)</sup> shares acquired on-market through an independent broker, using a pre-defined 50% portion of the after-tax proceeds of personal Director fees detailed on page 13

## This concludes the remuneration report

## Shares under option

### Unissued ordinary shares

Unissued ordinary shares of Nvoi Limited under option at the date of this report are as follows:

	Expiry Date	Price exercisable	Vested and exercisable	Unvested and unexercisable	Balance at the end of the year
<b>Options over ordinary shares:</b>					
Unlisted Options	30 Nov 18	5c	2,300,000	-	2,300,000
Unlisted Director Options	30 Nov 21	10c	-	9,000,000	9,000,000
Unlisted Director Options	28 Nov 22	3c	-	1,500,000	1,500,000
Unlisted Employee Options	23 Nov 21	10c	-	2,000,000	2,000,000
Unlisted Employee Options	15 Feb 22	10c	-	1,000,000	1,000,000
Unlisted Employee Options	29 Sep 22	3c	-	5,000,000	5,000,000
Unlisted Employee Options	7 Jun 23	3c	-	1,500,000	1,500,000
			2,300,000	20,000,000	22,300,000

Included in these options were options granted as remuneration to key management personnel during the year. Details of options granted to key management personnel are disclosed on page 14 above.

During the year, 2,213,334 vested options, with an exercise price of 10.42c each, expired.

### Shares issued on the exercise of options

No ordinary shares of Nvoi Limited were issued during the year ended 30 June 2018 on the exercise of options granted in previous years. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

# Directors' Report

for the year ended 30 June 2018

## Insurance of officers and indemnities

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, Nvoi Limited paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## 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 on behalf of the company for all or part of those proceedings.

## Non-audit services

There were no non-audit services provided during the financial year by the auditor.

## Officers of the company who are former partners of

There are no officers of the company who are former partners of Stantons International Audit and Consulting Pty Ltd.

## Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 17.

This report is made in accordance with a resolution of directors.



**Andrew Dutton**  
Chairman  
23 August 2018

# Auditors Independence Declaration

Stantons International Audit and Consulting Pty Ltd  
Trading as

**Stantons International**  
Chartered Accountants and Consultants

PO Box 1908  
West Perth WA 6872  
Australia

Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia

Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204

ABN: 84 144 581 519  
www.stantons.com.au

23 August 2018

Board of Directors  
Nvoi Limited  
Suite 402,  
110 Walker Street,  
North Sydney NSW 2060

Dear Directors

**RE: NVOI LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Nvoi Limited.

As Audit Director for the audit of the financial statements of Nvoi Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Trading as Stantons International)  
(An Authorised Audit Company)



**Martin Michalik**  
Director

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
<b>Continuing Operations</b>			
Platform billings for the year		1,221,042	75,679
Platform expense for independent contractors		(1,133,429)	(70,984)
<b>Platform revenue for the year</b>	4	<b>87,613</b>	<b>4,695</b>
Research & development tax offset scheme	4	229,111	1,403,411
Interest Income	4	38,753	80,029
Other Income	4	6,828	3,651
<b>Expenses</b>			
Employee benefits expense		(484,843)	(1,881,801)
Share based payment expense		(76,508)	(49,654)
Sales and marketing expense		(1,637,188)	(650,201)
Research and development		(1,056,281)	(2,104,435)
Occupancy costs		(240,134)	(243,266)
Finance and administration		(405,224)	(756,829)
Depreciation, amortisation and impairment		(12,041)	(85,681)
<b>Loss before income tax</b>		<b>(3,549,914)</b>	<b>(4,280,081)</b>
Income tax expense	5	-	-
<b>Loss after income tax attributable to the owners of Nvoi Ltd</b>		<b>(3,549,914)</b>	<b>(4,280,081)</b>
<b>Other comprehensive income for the year</b>			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
<b>Other comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>	6	<b>(3,549,914)</b>	<b>(4,280,081)</b>
<b>Total comprehensive loss attributable to owners of Nvoi Ltd</b>		<b>(3,549,914)</b>	<b>(4,280,081)</b>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	6	(0.88)	(1.14)
Diluted loss per share	6	(0.88)	(1.14)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

as at 30 June 2018

	Note	Consolidated	
		2018	2017
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	1,130,192	3,441,914
Trade and other receivables	8	291,228	654,447
Other assets		37,772	30,353
Total current assets		<b>1,459,192</b>	<b>4,126,714</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	23,186	29,072
Other non-current assets	10	93,101	93,101
Total non-current assets		116,287	122,173
<b>Total assets</b>		<b>1,575,479</b>	<b>4,248,887</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	163,943	320,401
Provisions	12	85,106	62,658
Total current liabilities		<b>249,049</b>	<b>383,059</b>
<b>Total liabilities</b>		<b>249,049</b>	<b>383,059</b>
<b>Net Assets</b>		<b>1,326,430</b>	<b>3,865,828</b>
<b>Equity</b>			
Issued capital	13	16,023,954	15,089,946
Share based payment reserve		126,162	49,654
Accumulated losses	14	(14,823,686)	(11,273,772)
Total equity		<b>1,326,430</b>	<b>3,865,828</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

for the year ended 30 June 2018

	Issued capital \$	Share based payment reserve \$	Accumulated losses \$	Total equity \$
<b>Consolidated</b>				
<b>Balance at 1 July 2016</b>	<b>15,083,174</b>	-	<b>(6,993,691)</b>	<b>8,089,483</b>
Loss for the year	-	-	(4,280,081)	(4,280,081)
<b>Total comprehensive loss for the year</b>	-	-	<b>(4,280,081)</b>	<b>(4,280,081)</b>
<b>Transactions with owners in their capacity as owners</b>				
Share based payment – employees	-	49,654	-	49,654
Shares issued during the year	10,000	-	-	10,000
Shares raising costs	(3,228)	-	-	(3,228)
<b>Total transactions with owners in their capacity as owners</b>	<b>6,772</b>	<b>49,654</b>	-	<b>56,426</b>
<b>Balance at 30 June 2017</b>	<b>15,089,946</b>	<b>49,654</b>	<b>(11,273,772)</b>	<b>3,865,828</b>
Loss for the year	-	-	(3,549,914)	(3,549,914)
<b>Total comprehensive loss for the year</b>	-	-	<b>(3,549,914)</b>	<b>(3,549,914)</b>
<b>Transactions with owners in their capacity as owners</b>				
Share based payment – employees	-	76,508	-	76,508
Shares issued during the year	1,000,000	-	-	1,000,000
Shares raising costs	(65,992)	-	-	(65,992)
<b>Total transactions with owners in their capacity as owners</b>	<b>934,008</b>	<b>76,508</b>	-	<b>1,010,516</b>
<b>Balance at 30 June 2018</b>	<b>16,023,954</b>	<b>126,162</b>	<b>(14,823,686)</b>	<b>1,326,430</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

# Statement of Cash Flows

for the year ended 30 June 2018

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	1,300,695	75,833
Platform payments for independent contractors (inclusive of GST)	(1,161,206)	(56,719)
Payments to suppliers and employees (inclusive of GST)	(4,065,640)	(5,933,314)
Research and development tax offset income	643,290	760,121
Interest received	43,286	83,457
<b>Net cash used in operating activities</b>	<b>(3,239,575)</b>	<b>(5,070,622)</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(6,155)	(36,116)
Payments for held-to-maturity restricted investments	-	(93,101)
<b>Net cash used in investing activities</b>	<b>(6,155)</b>	<b>(129,217)</b>
<b>Cash Flows from financing activities</b>		
Proceeds/(Payments) from issue of shares, net of costs	934,008	(657,427)
Repayment of borrowings	-	(235,883)
<b>Net cash provided by / (used in) financing activities</b>	<b>934,008</b>	<b>(893,310)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,311,722)</b>	<b>(6,093,149)</b>
Cash and cash equivalents at the beginning of the year	3,441,914	9,535,063
<b>Cash and cash equivalents at the end of the year</b>	<b>1,130,192</b>	<b>3,441,914</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Statement of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Nvoi Limited and its subsidiaries ("the group")

### (a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and other interpretations issued by the Australian Accounting Standards Board, and the Corporations Act 2001. Nvoi Limited is a for-profit entity for the purposes of preparing financial statements.

#### (i) Compliance with IFRS

The consolidated financial statements comply with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of Nvoi Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### (ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities measured at fair value.

#### (iii) New and amended accounting standards

No new standards and amendments to standards that are mandatory for the first time for the financial period starting 1 July 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

#### *Standards issued but not yet effective:*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

#### **AASB 9 Financial Instruments**

AASB 9 becomes mandatory for the Company's 2019 financial statements. A detailed impact assessment is yet to be completed, however, no significant impact on the Company's financial performance or position, as at the transition date of 1 July 2018, is expected.

#### **AASB 16 Leases**

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. However, the group has not yet determined to what extent future commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

#### (iv) Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Statement of significant accounting policies (cont.)

(v) Going concern basis of preparation

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. With the consolidated business operating at a loss, there is material uncertainty related to events or conditions that give rise to the entity's ability to continue as a going concern. Management plan to raise funds from existing or new shareholders in the form of additional capital raisings, and continually maintain sufficient cash and realisable assets to cover all anticipated entity operating costs and liabilities in the normal course of business, for a period of 12 months or more.

**(b) Principles of consolidation**

The Consolidated Financial Report incorporates the assets and liabilities of all subsidiaries of Nvoi Limited ("company" or "parent entity") as at 30 June 2018 and the results of all subsidiaries for the year then ended. Nvoi Limited and its subsidiaries together are referred to in these financial statements as the group or the consolidated entity.

*Subsidiaries:*

Subsidiaries are all 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.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over the subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidating entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**(c) Segment Reporting**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**(d) Foreign currency translation**

*Functional and Presentation currency:*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar (\$), which is Nvoi Limited's functional and presentation currency.

*Transactions and balances:*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Statement of significant accounting policies (cont.)

### (e) Revenue recognition

#### *Rendering of services:*

The group's net revenues result from transaction and other fees generated in its online marketplaces and in providing other services. Revenues are recognised when evidence of an arrangement exists, the fee is fixed and determinable, no significant obligation remains and collection of the receivable is reasonably assured. Amounts disclosed as revenue are net of refunds and amounts collected on behalf of third parties. Where services have not been provided but the Company is obligated to provide the services in the future, revenue recognition is deferred.

#### *Government Grants:*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group has complied with all attached conditions. Note 2(b) provides further information on how the group accounts for government grants.

#### *Interest income:*

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### (f) Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### (g) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Statement of significant accounting policies (cont.)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purposes of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are reported as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held for the purposes of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### (h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### (i) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### (j) Intangible assets

#### *Software research and development costs:*

Research and development expenses include payroll, employee benefits and other employee-related costs associated with product development. Costs relating to research and development of new software enhancements are expensed as incurred until technological feasibility in the form of a working model has been established. At such time costs may be capitalised, subject to recoverability. Software development costs incurred subsequent to the establishment of technological feasibility have not been significant, and the group has not capitalised any software development costs to date.

#### *Amortisation methods and periods:*

Refer to note 2(a) for details about amortisation methods and periods used by the group for intangible assets.

### (k) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### (l) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### (m) Finance Costs

Finance Costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Statement of significant accounting policies (cont.)

### (n) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. The levels are as follows:

- Level 1: measurement based on quoted price (unadjusted) in active market for identical assets or liabilities that the entity can access at measurement date.
- Level 2: measurements based on input other than quoted prices included in level 1 that are observable for asset or liability, either directly or indirectly.
- Level 3: measurement based on unobservable inputs for the asset or liability.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### (o) Employee benefits

#### *Short-term obligations:*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

#### *Long-term employee benefit obligations:*

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

#### *Share-based payments and employee options:*

Share-based compensation benefits using employee options are provided to employees.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 1. Statement of significant accounting policies (cont.)

- including any market performance conditions (eg the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (eg remaining an employee of the entity over a specified time period), and
- including the probability and impact of any non-vesting conditions (eg the requirement for the listing share price to achieve minimum hurdles).

The total expense is recognised as an employee benefits expense, either during the period the options are granted or over the vesting period in which the services are fulfilled, with a corresponding increase to equity.

### (p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (q) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

### (r) Earnings per share

#### *Basic earnings per share:*

Basic earnings per share is calculated by dividing the profit/(loss) after tax attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

#### *Diluted earnings per share:*

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

### (s) Goods and services tax ("GST") and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (t) Acquisition of Nvoi AsiaPac Limited

The merger in June 2016 is recorded under the reverse acquisition principals which results in the Legal Parent (in this case, Nvoi Ltd (formerly Orrex Resources Ltd)) being accounted for as the subsidiary, while the Legal Acquiree (in this case, Nvoi AsiaPac Limited and its subsidiaries), being accounted for as the parent. The excess of fair value of the shares owned by the former Orrex shareholders and the fair value of the identifiable net assets of Orrex immediately prior to the completion of the merger was accounted for under "AASB 2: Share-based Payment" as a listing expenses (the cost of going public) to the statement of profit or loss and other comprehensive income.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 2. Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial results or the financial position reported in future periods.

### (a) Significant accounting judgements

#### *Capitalisation of Software Development costs*

Development costs associated with enhancements on existing suites of software are only capitalised by the group when it can demonstrate the technical feasibility of completing the asset so that the asset will be available for use or sale, how the asset will generate future economic benefits and the ability to measure reliably the expenditure attributable to the asset during its development. The directors have elected to fully expense development costs in the 30 June 2018 financial year.

Unless stated otherwise, development costs on technically and commercially feasible new products are capitalised and written off on a straight-line basis over a period of 3 years commencing at the time of commercial release of the new product.

### (b) Significant accounting estimates and assumptions

#### *Deferral and presentation of government grants*

Government grants relating to research and development costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. The deferred receivable is accounted for as a current asset when there is an expectation the government grant will be received by the entity within 12 months.

#### *Share-based payment transactions*

The Group measures the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at grant date or an estimation of fair value at grant date if grant date has not occurred. The fair value is determined by an external value using a Black Scholes model simulation. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the annual reporting period but may impact expenses and equity.

#### *Amortisation of intangible assets with finite useful lives*

In relation to the amortisation of intangibles with finite useful lives, management's judgements are used to determine the estimated useful lives.

## Note 3: Operating segments

The consolidated entity currently only has a single operating segment being the development of the advanced Talent-On-Demand cloud-based platform. The consolidated entity operations and assets are all primarily located in Australia.

## Note 4: Revenue

The Group derives the following types of revenue	Consolidated	
	2018	2017
	\$	\$
Platform revenue*	87,613	4,695
Research & development tax offset scheme		
FY 2018	229,111	-
FY 2017	-	643,290
FY 2016	-	760,121
Interest Income	38,753	80,029
Other Income	6,828	3,651
<b>Total Revenue</b>	<b>362,305</b>	<b>1,491,786</b>

\*In accordance with AASB 15, statutory revenue comprises net fees received by the Group for users of the independent contractor Platform

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 5: Income tax expense

This note provides an analysis of the group's income tax expense, shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the group's tax position.

	Consolidated	
	2018	2017
	\$	\$
Loss before income tax expense	(3,549,914)	<b>(4,280,081)</b>
Tax at the statutory tax rate of 27.5%	(976,226)	(1,177,022)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Research and development tax offset income not assessable	(63,006)	(385,938)
Research and development costs subject to tax offset	144,841	406,678
Share-based payments	21,040	13,655
Accelerated depreciation of fixed assets	(1,912)	(10,048)
Amortisation of intangible assets	-	21,482
Listing expenses (Section 40-880 amortisation)	(46,979)	(43,349)
Other net expenses (deductible) not deductible for tax purposes	(8,769)	43,185
Current year tax losses	(931,011)	(1,131,357)
Current year tax losses not recognised	931,011	1,131,357
Income tax expense	-	-

The consolidated group has accumulated unused tax losses of \$7,499,518 (2017: \$4,114,024). Furthermore, following the change in the group's structure during 2016, the consolidated group may be in a position in terms of the Australian Tax Office's Same Business / Continuity of Ownership tests to carry forward additional unused tax losses of \$6,480,536.

No deferred tax asset has been recognised given the short-term probability that no future taxable amounts will be available to utilise these losses.

## Note 6: Loss per share

	Consolidated	
	2018	2017
	\$	\$
<b>Loss after income tax attributable to the owners of Nvoi Ltd</b>	<b>(3,549,914)</b>	<b>(4,280,081)</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic loss per share	402,832,600	376,455,108
Weighted average number of ordinary shares used in calculating diluted loss per share	402,832,600	376,455,108
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(0.88)	(1.14)
Diluted loss per share	(0.88)	(1.14)

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 7: Current assets – Cash and cash equivalents

	Consolidated	
	2018	2017
	\$	\$
Cash at bank	1,130,192	641,914
Deposits at call	-	2,800,000
	<b>1,130,192</b>	<b>3,441,914</b>

## Note 8: Current assets – Trade and other receivables

	Consolidated	
	2018	2017
	\$	\$
Refundable R&D income tax benefits	229,111	643,290
Other	62,117	11,157
	<b>291,228</b>	<b>654,447</b>

Refundable R&D income tax benefits are refunds received from government within 30 days after finalisation of the group's income tax returns and have been received by the Group after the year end. All receivables are either not past their respective due dates, or have been collected after year end.

## Note 9: Non-current assets – Property, plant and equipment

	Consolidated	
	2018	2017
	\$	\$
<i>Plant and Equipment</i>		
Cost - beginning of year	36,635	519
Accumulated Depreciation – beginning of year	(7,563)	-
Net book amount – beginning of year	29,072	519
Additions	6,155	36,116
Depreciation charge	(12,041)	(7,563)
Cost - end of year	42,790	36,635
Accumulated Depreciation – end of year	(19,604)	(7,563)
Net book amount – end of year	<b>23,186</b>	<b>29,072</b>

## Note 10: Non-current assets – Other

	Consolidated	
	2018	2017
	\$	\$
Restricted held-to-maturity investments	93,101	93,101
	<b>93,101</b>	<b>93,101</b>

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 11: Current liabilities – Trade and other payables

	Consolidated	
	2018	2017
	\$	\$
Trade payables	40,450	99,375
Other payables	123,493	221,026
	<b>163,943</b>	<b>320,401</b>

## Note 12: Current liabilities – Provisions

	Consolidated	
	2018	2017
	\$	\$
Employment leave obligations	85,106	62,658
	<b>85,106</b>	<b>62,658</b>

## Note 13: Equity – Issued capital

<i>Movement in ordinary share capital</i>	2018	2017	2018	2017
	No.	No.	\$	\$
Balance at beginning of financial year	376,489,081	376,289,081	15,089,946	15,083,174
Conversion of options	-	200,000	-	10,000
Shares issued during the year	38,461,538	-	1,000,000	-
Transaction costs relating to share issues	-	-	(65,992)	(3,228)
<b>Balance at the end of financial year</b>	<b>414,950,619</b>	<b>376,489,081</b>	<b>16,023,954</b>	<b>15,089,946</b>

### *Movement in options*

	2018	2017
	No.	No.
Balance at beginning of financial year	17,013,334	4,713,334
Options issued to directors and employees	11,000,000	21,500,000
Employee options cancelled	(3,500,000)	(9,000,000)
Options expired	(2,213,334)	
Options converted into ordinary shares	-	(200,000)
<b>Balance at the end of financial year</b>	<b>22,300,000</b>	<b>17,013,334</b>

### *Ordinary Shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 13: Equity – Issued capital (cont.)

### *Share buy-back*

There is no current on-market share buy-back.

### *Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is currently subject to no financing arrangements or covenants.

## Note 14: Equity – Accumulated losses

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses at the beginning of the financial year	(11,273,772)	(6,993,691)
Loss after income tax expense for the year	(3,549,914)	(4,280,081)
Accumulated losses at the end of the financial year	<b>(14,823,686)</b>	<b>(11,273,772)</b>

## Note 15: Equity - Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 16: Share-based payments

### Employee Option Plan

Establishment of the Nvoi Employee Option Plan was approved by shareholders in 2016. The Employee Option Plan is designed to provide long-term incentives for senior managers and above (including executive directors) to deliver long-term shareholder returns. Under the plan, participants are granted options which only vest if employees remain employed and other vesting hurdles are met. Once vested, the options remain exercisable until they expire. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share. The exercise price of these options is set by the board and based on either:

- the then weighted average price at which the company's shares are traded on the Australian Securities Exchange including the date of the grant; and/or
- the future ongoing employment of the employee over a 12, 24 or 36-month period.

	2018		2017	
	Average exercise price per option	Number of Options	Average exercise price per option	Number of Options
As at 1 July	10.0c	13,000,000	-	-
Granted during the year	3.0c	11,000,000	10.0 c	21,500,000
Forfeited during the year	4.8c	(4,000,000)	10.0 c	(8,500,000)
As at 30 June	7.2c	<b>20,000,000</b>	10.0 c	<b>13,000,000</b>
Vested and exercisable at 30 June	-	-	-	-

No options expired during the year covered by the above periods.

Employee share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise Price	Share Options 30 June 2018	Share Options 30 June 2017
23 November 2016	23 November 2021	10.0 c	2,000,000	2,000,000
30 November 2016	30 November 2021	10.0 c	9,000,000	9,000,000
15 February 2017	15 February 2022	10.0 c	1,000,000	2,000,000
29 September 2017	29 September 2022	3.0 c	5,000,000	-
28 November 2017	28 November 2022	3.0 c	1,500,000	-
7 June 2018	7 June 2023	3.0 c	1,500,000	-
Total			<b>20,000,000</b>	<b>13,000,000</b>
Weighted average remaining contractual life of options outstanding at end of period			3.83 years	4.45 years

### Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2018 was between 0.67c and 2.45c per option. The fair value at grant date is independently determined using the Black Scholes Model (which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option).

The model inputs for options granted during the year ended 30 June 2018:

Grant date:	29 Sep 17	28 Nov 17	7 Jun 18
Expiry date:	29 Sep 22	28 Nov 22	7 Jun 23
Exercise price:	3.0c	3.0c	3.0c
Share price at grant:	3.0c	2.2c	0.8c
Expected price volatility of shares:	115.9%	121.3%	151.4%
Expected dividend yield	nil	nil	Nil
Risk free interest rate:	2.38%	2.11%	2.47%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 17: Financial risk management

### Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

Risk management is carried out by the Board of Directors. The Board is responsible for ensuring that risk, and also opportunities are identified on a timely basis and that the consolidated entity's objectives and activities are aligned against these risks and opportunities.

The consolidated entity's financial instruments consist mainly of deposits with Australian banks. A summary of the consolidated entity's financial assets and liabilities is shown below.

<b>2018</b>	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
<b>Financial assets</b>				
Cash and cash equivalents	1,062,148	-	68,044	1,130,192
Trade and other receivables	-	-	291,228	291,228
Other Assets	-	93,101	-	93,101
<b>Total financial assets</b>	<b>1,062,148</b>	<b>93,101</b>	<b>359,272</b>	<b>1,514,521</b>
<b>Financial liabilities</b>				
Payables	-	-	163,943	163,943
Borrowings	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>163,943</b>	<b>163,943</b>
<b>2017</b>	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
<b>Financial assets</b>				
Cash and cash equivalents	619,962	2,800,000	21,952	3,441,914
Trade and other receivables	-	-	654,447	654,447
Other Assets	-	93,101	30,353	123,454
<b>Total financial assets</b>	<b>619,962</b>	<b>2,893,101</b>	<b>706,752</b>	<b>4,219,815</b>
<b>Financial liabilities</b>				
Payables	-	-	320,401	320,401
Borrowings	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>320,401</b>	<b>320,401</b>

### Market risk

Market risk is the risk that changes in market price, such as interest rates and equity prices will affect the consolidated entity's income. The Board monitors interest rate and regularly review cash flow requirements.

The consolidated entity has limited exposure to currency and market price fluctuations and consider its exposure to interest rates to be minimal as the consolidated entity do not have any external borrowings subject to variable interest rates.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 17: Financial risk management (cont.)

### Currency risk

The consolidated entity makes use of overseas services payable in US dollars. In order to protect against future exchange rate movements, the group has established US dollar denominated bank accounts. The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2018	2017
USD	\$	\$
Cash and Cash equivalents	-	260,500
Trade Payables	(16,974)	(62,955)

### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity.

The consolidated entity does not have any material credit risk exposure to any single receivable under financial instruments entered into by the consolidated entity, other than deposits with Australian regulated banks.

### Liquidity risk

Liquidity risk is the risk that the consolidated entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash reserves are available at all times to meet these cash flows.

### Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2018	Weighted average interest rate %	Less than 6 months \$	Between 6 and 12 months \$	Between 1 and 2 years \$	Over 2 years \$	Remaining contractual maturities
<b>Non-derivatives</b>						
<i>Non-interest bearing:</i>						
Payables		163,943	-	-	-	163,943
<i>Interest-bearing - fixed rate</i>	n/a	-	-	-	-	-
Total non-derivatives		163,943	-	-	-	163,943
2017	Weighted average interest rate %	Less than 6 months \$	Between 6 and 12 months \$	Between 1 and 2 years \$	Over 2 years \$	Remaining contractual maturities
<b>Non-derivatives</b>						
<i>Non-interest bearing:</i>						
Payables		320,401	-	-	-	320,401
<i>Interest-bearing - fixed rate</i>	n/a	-	-	-	-	-
Total non-derivatives		320,401	-	-	-	320,401

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18: Key management personnel disclosures

### Directors

The following persons were directors of Nvoi Ltd during the financial year:

Andrew Dutton - Non-Executive Chairman  
Jennifer Maritz - Executive Director  
Pamela Cass - Non-Executive Director  
Alec Bashinsky - Non-Executive Director  
Timothy Ebbeck - Non-Executive Director (resigned effective 31 August 2017)

### Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Michael Bermeister – CFO and Company Secretary

### Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	708,988	966,138
Post-employment benefits	57,261	84,579
Share-based payments	37,023	41,986
	<b>803,272</b>	<b>1,092,703</b>

## Note 19: Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by the auditors of the company:

	<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Audit Services</i>		
Audit or review of the financial statements	<b>30,267</b>	<b>34,500</b>

## Note 20: Related party transactions

### Parent entity

Nvoi Limited is the legal parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 22.

### Key management personnel

Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the directors' report.

### Loans to/from related parties

No Loans to/from related parties are outstanding at the reporting date.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21: Parent entity information

### Parent entity

Nvoi Limited is the legal parent entity.

	Parent	
	2018	2017
	\$	\$
Loss after income tax	835,155	890,234
Total comprehensive loss	835,155	890,234

### Statement of financial position

	Parent	
	2018	2017
	\$	\$
Total current assets	107,480	18,278
Total assets	5,606,029	8,475,681
Total current liabilities	64,521	109,535
Total liabilities	64,521	109,535
Equity		
Issued Capital	15,443,152	14,509,144
General reserve	508,829	432,321
Accumulated losses	(10,410,473)	(6,575,318)
Total Equity	<b>5,541,508</b>	<b>8,366,147</b>

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment (if applicable), in the parent entity.
- Investments in associates (if applicable) are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries (if applicable) are recognised as other income by the parent entity.

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22: Interests in subsidiaries

### Ultimate parent

Nvoi Limited is the ultimate parent entity and the parent entity of the consolidated entity from a legal perspective. For accounting purposes, Nvoi AsiaPac Pty Ltd is the deemed ultimate parent of the consolidated entity in line with reverse acquisition accounting.

### Corporate structure

The legal corporate structure of the consolidated entity is set out below;

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2018 %	2017 %
<i>Parent Entity</i>			
Nvoi Limited	Australia	100%	100%
<i>Subsidiaries</i>			
Nvoi AsiaPac Pty Ltd	Australia	100%	100%
Nvoi Australia Pty Ltd	Australia	100%	100%
Nvoi Payroll Services Pty Ltd	Australia	100%	100%
Nvoi Custodian Pty Ltd	Australia	100%	100%

## Note 23: Contingent liabilities and contingent assets

### Contingent liabilities

Other than a bank guarantee of \$93,101 (2017: \$93,101) to its North Sydney landlord, the group had no contingent liabilities as at 30 June 2018.

### Contingent assets

There were no material contingent assets as at 30 June 2018 (2017: nil).

## Note 24: Reconciliation of loss after income tax to net cash (used in) operating activities

	Consolidated	
	2018 \$	2017 \$
Loss after income tax expense for the year	(3,549,914)	(4,280,081)
Adjustment for:		
Share-based payments	76,508	49,654
Listing expenses	-	664,199
Borrowing Costs	-	(644)
Depreciation and Amortisation	12,041	85,681
Change in operating assets and liabilities:		
Decrease (increase) in trade and other receivables	363,219	(639,580)
(Increase) in prepayments, deposits and other assets	(7,419)	(24,353)
(Decrease) in trade payables	(58,927)	(678,580)
(Decrease) in other payables	(97,531)	(309,576)
Increase in provisions	22,448	62,658
<b>Net cash (used) in operating activities</b>	<b>(3,239,575)</b>	<b>(5,070,622)</b>

# Notes to the Financial Statements

for the year ended 30 June 2018

## Note 25: Commitments

The following table summarises the operating lease commitments of the consolidated entity:

	Consolidated	
	2018	2017
	\$	\$
<i>Operating Lease commitments</i>		
Not later than 1 year	103,320	172,406
Later than 1 year and not more than 5 years	-	100,570
More than 5 years	-	-
<b>Total minimum lease repayments</b>	<b>103,320</b>	<b>272,976</b>

## Note 26: Events occurring after the reporting period

After the reporting period, the Group received the refundable R&D income tax benefit of \$299,111 as highlighted in note 8 above.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

# Directors' Declaration

In accordance with a resolution of the directors of Nvoi Limited, we state that:

1. In the opinion of the directors:
  - (a) the financial statements and notes of Nvoi Limited for the financial year ended 30 June 2018 are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
    - (ii) complying with Accounting Standards and the Corporations Regulations 2001;
  - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
  - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

On behalf of the board.



**Andrew Dutton**  
Chairman  
North Sydney, 23 August 2018

# Independent Auditor's Report

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**

Chartered Accountants and Consultants

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NVOI LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Nvoi Limited, the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of 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 statements, 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 2018 and of its financial performance for the year then ended; 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 auditor independence requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 1 (a) (v) to the financial statements, the financial statements have been prepared on a going concern basis. As at 30 June 2018, the Group had working capital of \$1,210,143 and had incurred a loss for the year of \$3,549,914. The ability of the Group to continue as a going concern is subject to the successful recapitalisation of the Group or commencement of profitable operations. In the event that the Board is not successful in recapitalising the Group and in raising further funds, the Group may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report.

# Independent Auditor's Report

## Stantons International

### **Key Audit Matters**

In addition to the matters described in the Emphasis of Matter paragraphs, we have defined the matters described below to be key audit matters to be communicated in our report.

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.

Key Audit Matters	How the matter was addressed in the audit
-------------------	---

#### **Valuation of Share Options**

The company issued a number of share options to directors and management of the company.

The company prepared a valuation of the options in accordance to its accounting policy and Share Based Payments (AASB 2).

This is a key audit matter for us due to the judgement involved in assessing the fair value of the options.

Inter alia, our audit procedures included the following:

- i. We reviewed the inputs used in the models; the underlying assumptions used and discussed with management the justification for inputs;
- ii. We assessed the accounting treatment and its application in accordance with AASB 2; and
- iii. We assessed whether the Group's disclosures met the requirements of various accounting standards.

#### **Recoverability of trade and other receivables**

At the 30 June 2018 the Group had an R&D income tax refund due of \$229,111 included in trade and other receivables which represents 15% of the total assets of the Group.

The key elements of judgement associated with assessing the recoverability of trade receivables include the preparation of the R&D tax return. The Company engaged an independent expert to prepare the returns.

This area is a key audit matter as any R&D tax refund is subject to final assessment by the Australian Tax Office (ATO).

Inter alia, our audit procedures included the following:

- i. We reviewed the workings prepared by the Company and independent expert; and
- ii. Confirmed receipt of funds post year end; and
- iii. We assessed the Group's disclosures.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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.

# Independent Auditor's Report

## Stantons International

### **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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We

# Independent Auditor's Report

## Stantons International

describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 30 June 2018.

In our opinion the Remuneration Report of Nvoi Limited for the year ended 30 June 2018 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.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Trading as Stantons International)  
(An Authorised Audit Company)

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
Director  
West Perth, Western Australia  
23 August 2018

# Shareholder Information

as at 11 October 2018

## Analysis of numbers of equity security holders by size of holding:

	Number of holders of Ordinary Shares	Number of holders of \$0.05 unquoted options
1 – 1,000	10	-
1,001 – 5,000	7	-
5,001 – 10,000	69	-
10,001 – 100,000	239	-
100,001 and over	297	5
	622	5
Holding less than a marketable parcel (62,500 or less)	238	-

## Fully paid ordinary shares:

	Units	% of Units
1. Oaktel Investments Pty Ltd	78,794,871	18.99%
2. Range Ventures Pty Ltd	46,777,865	11.27%
3. Romance Pacific Pty Limited	46,777,864	11.27%
4. Geepee Holdings Pty Limited	16,136,966	3.89%
5. Stepien Value Investing Pty	13,218,300	3.19%
6. One Managed Investment Funds	12,216,931	2.95%
7. Daniel Paul Wise	6,291,199	1.52%
8. Ascot Park Enterprises Pty Ltd	6,158,993	1.48%
9. Fopar Nominees Pty Ltd	6,000,000	1.45%
10. Flue Holdings Pty Ltd	5,500,000	1.33%
11. JSR Nominees Pty Ltd	5,492,416	1.32%
12. Burra Pty Ltd	5,446,010	1.31%
13. River Valley Pty Ltd	5,000,000	1.20%
14. Sonja Felderhof	4,076,666	0.98%
15. Damien Charles Anderson	3,983,333	0.96%
16. Chase Business Consulting	3,831,543	0.92%
17. Castle Kirby Pty Limited	3,676,056	0.89%
18. Ponderosa Investments Pty Ltd	3,400,000	0.82%
19. Warwick James Kirby	3,281,295	0.79%
20. Allan Family Trust	3,278,400	0.79%
	279,338,708	67.32%

## Unquoted equity securities:

	No. on issue	No. of Holders
\$0.05 Unlisted Options expiring 30 November 2018	2,300,000	5

## The following persons hold 20% or more of unquoted equity securities:

	Class	Number held
1. Merchant Holdings Pty Ltd	\$0.05 Unlisted Options*	500,000
2. Linear A Pty Ltd	\$0.05 Unlisted Options*	500,000
3. Fernland Holdings Pty Ltd	\$0.05 Unlisted Options*	500,000
4. Burra Pty Ltd	\$0.05 Unlisted Options*	500,000

\* Expiry 30 November 2018

## Substantial holders in the company are set out below:

	Number held
1. Oaktel Investments Pty Ltd	78,794,871
2. Range Ventures Pty Ltd	46,777,865
3. Romance Pacific Pty Limited	46,777,864
	172,350,600

## Voting rights:

Voting rights are set out below:

### Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Options

All quoted and unquoted options do not carry any voting rights.

## Listing Rule 3.13.1 and 14.3

The Annual General Meeting is scheduled to be held at the Harbourview Hotel, 17 Blue Street, North Sydney on 27<sup>th</sup> November 2018 at 9:00am.

## Corporate Directory

<b>Directors</b>	Andrew Dutton Jennifer Maritz Pamela Cass Alec Bashinsky	Non-Executive Chairman Executive Director and Group CEO Non-Executive Director Non-Executive Director
<b>Company Secretary</b>	Michael Bermeister	
<b>Executive Management</b>	Jennifer Maritz Michael Bermeister	Executive Director and Group CEO Company Secretary and Group CFO
<b>Registered Office</b>	Level 4, 110 Walker Street North Sydney, NSW 2060	
<b>Share Register</b>	Security Transfer Australia 770 Canning Highway Applecross WA 6153	
<b>Auditors</b>	Stantons International Level 2, 22 Pitt Street Sydney NSW 2000	
<b>Solicitors</b>	DLA Piper Level 17, 140 William Street Melbourne VIC 3000	
<b>Bankers</b>	National Australia Bank 105 Miller Street North Sydney NSW 2060	
<b>Stock Exchange Listing</b>	Nvoi Limited shares are listed on the Australian Stock Exchange (ASX code: NVO)	
<b>Website</b>	<a href="http://www.nvoi.com.au">www.nvoi.com.au</a>	
<b>Platform</b>	<a href="http://www.meetnvoi.com">www.meetnvoi.com</a>	





# Nvoi

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Australia 2060