

**Managing Director's Review of Operations
Annual General Meeting
26 November 2008**

Introduction

As outlined in my Annual report to shareholders, Business results for the financial year ended 30 June 2008 were far from satisfactory for the Inventis Group. The Company suffered a net loss of almost \$25m, of which \$23m related to the one-off write down of the Alpha Aviation business.

Although the Alpha situation is truly regrettable, we dealt with it as quickly and effectively as we could, and moved forward in a positive manner. We are continuing to focus on organic growth and realising shareholder value by implementing strategic initiatives as part of a 5-year Business Action Plan to 'boost the value of Inventis, over the medium to long term'.

Under this plan, we are rationalising the workforce and centralising only those services which can be provided more efficiently. This approach is aimed at empowering our General Managers and ensuring they take greater control of their respective divisions. As part of this, we have aligned our R&D and manufacturing systems more closely to market needs and have taken substantive measures to cut costs across all areas, improving outsourcing and expanding our national and overseas markets.

We are strengthening our marketing activities for products in both the Technology and Furniture Divisions; and particular emphasis is being placed by Inventis Technology on innovative products which I'll talk more about later in this presentation. In Gregory Commercial Furniture, the emphasis is on product development, accessing the higher-end Architect and Designer market and consolidating our position as a leading ergonomic seating provider, as well as building on the green (eco-logical) foundations. In product development, we will focus on creating solutions to meet emerging demand.

Our strategic focus is on improving performance in Australia and New Zealand through organic growth whilst pursuing opportunities to further grow the business through partnerships, strategic alliances and other opportunities that provide potential to expand our business nationally and internationally.

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I also noted in the Annual Report that it was still unclear as to what the full effect of the American credit and mortgage crisis fallout will be on our own economy, and that of the rest of the world, when China and India's astonishing industrial and economic transformation will reach its peak, and how the entire Australian business sector, and consumers in general, will cope with these unprecedented changing market trends. Although some of these impacts are being felt, there is much that is unknown and it would be foolhardy to believe that we've seen the worst of it.

Total demand in the Australian market is down and many companies are experiencing a significant reduction in sales and profitability. This together with the fall in the Australian dollar and a lack of liquidity, are leading to strong calls for lower prices from customers, which is making market conditions even more challenging. Despite this operating environment, business opportunities still exist, as both governments and private sectors actively renew their focus on structural reforms. To take advantage of these opportunities, we are refining our market offerings to expand our target market beyond those requiring niche technology outcomes or ergonomic commercial furniture expertise to include those who value and require inspired electronic solutions and technology resources together with 'greener' more innovative and aesthetically designed commercial furniture products. An important key to success in this environment is developing stronger and more profitable relationships with our customers.

Change is today's reality and all change involves risk. This is why no one in our organisation can assume that the objectives, budgets and timing at the end of a project will be the same as they were in the beginning; And, simply because 'change is a reality' we are learning to improve from the many degrees of business success and failure we experience, in order to stay agile within these highly competitive local and global markets.

Inspired Solutions

Inventis is a company dedicated to the discovery, development, and commercialisation of inspired solutions.

This targeted business strategy, when combined with the Company's multi-disciplinary approach to the application of technology and design, has resulted in the development of a series of innovative products with the market potential to change the way we think, work and perform.

The Inventis commitment began with a simple purpose that has been instilled throughout the Company: Provide 'inspired solutions' that exceed customers' expectations. The Company's approach, purpose and value system provide the foundation to solve today's business challenges that enable our Technology and Commercial Furniture Divisions to be successful.

We have found that the best approach going forward, is to view business and product development solutions objectively, unemotionally and with the right level of probing and questioning in order to increase customer satisfaction, productivity, reduce costs, identify opportunities and improve profits.

Innovation is the key to future success in the business world, and our goal is to provide cutting-edge technology that moves Inventis to a position of leadership.

Today, Inventis has many new product development programs underway – each designed to address unfulfilled customer and market needs. The challenge is therefore, to commercialise as many of our innovative products and solutions that will have widespread application within specific industry sectors, while yielding significant production savings and increased profit levels.

At Inventis, Innovation is a core value, and it isn't just applied to research and product design, but also to standard operating procedures, such as improving production and performance, giving better service to customers and striving to develop diversified product lines. Research and technological innovation are fundamental drivers for the Inventis business and are crucial to ensuring our competitiveness in the future.

Aviation Division

The 2007/8 year was a most difficult one for Inventis. The major disappointment for the year was undoubtedly the liquidation of Alpha Aviation and subsequent receivership.

The high hopes that we had for the business were dashed by operational and production inefficiencies coupled with an ongoing demand for a high level of working capital. Although the unexpected and serious losses in 2007/8 to Inventis Limited had unwelcomed financial repercussions, there is a renewed determination, focus and real progress being made to ensure the group is well positioned for long-term sustainable growth and success.

The Sale and Purchase agreement for the acquisition of Alpha Aviation became unconditional on 7 December 2006. Consequently, on 2 July 2007, Inventis acquired all the shares in Alpha Aviation Limited. This acquisition was considered and endorsed by the Shareholders at the Extraordinary General Meeting held on 16 April 2007. At that meeting the risks of the acquisition were clearly set out in the notice of meeting and highlighted by the Chairman.

A significant risk of the acquisition was that should Alpha Aviation fail to scale up production to 8 aircraft per month, it would need additional funding from Inventis. Inventis had several backup plans in place to meet such an eventuality, including,

- A proposed issue of shares (also approved at the same Extraordinary General Meeting); and
- What was believed to be a real offer of financial assistance from the New Zealand Government.

With these contingency plans, and the cash on hand in Inventis, the Directors were confident that they would be able to bring Alpha Aviation into full production and profitability. As shareholders will be aware, the issue of shares closed with a shortfall of approximately \$4.7 million and the assistance from the New Zealand Government through a grant of NZ\$3 million did not materialise.

In the 2007 calendar year, the management of Alpha Aviation implemented many initiatives that were effective in speeding up the production of aircraft; however, they did not speed it up fast enough. In order to give Alpha Aviation time to achieve the scale up it need, in the period from 2 July 2007 to 21 January 2008, Inventis provided \$4.5 million in funding to Alpha Aviation. In January 2008 it became obvious to the Directors that the progress at Alpha Aviation was too slow and that significant additional and unexpected funding would be needed.

Noting that the Capital Raising did not achieve its objective of raising \$11.25m and the anticipated Government assistance did not materialise, a concentrated effort was made to procure a joint venture partner and/or an investor. Our efforts in this regard were hampered by the ongoing litigation with the original French vendor, which was settled in November 2007.

Alpha was continuing to burn cash at an unsustainable rate and in the absence of a buyer, joint venture partner or an investor, it became apparent to the Directors of Inventis that continuing to fund Alpha Aviation at the rate required, would financially endanger the whole Inventis Group. Therefore, the Directors resolved to put into liquidation, Alpha Aviation Limited, Alpha Aviation Manufacturing Limited and Alpha Aviation Marketing Limited. This was closely followed by the appointment of a Receiver to these same companies by the Bank of New Zealand. As a consequence of a cross-guarantee between the Alpha group companies, the Bank of New Zealand placed the rest of the Alpha Aviation companies into Receivership on 18 February 2008.

The Directors actively tried to sell the assets of Alpha Aviation or locate a joint venture partner or investor in order to mitigate the loss to the Company, without success. As you may already know from our release to the market on Monday 24 November 2008, the directors also entered into negotiations with the Alpha vendors, which led to a reduction in the purchase price from \$11m to \$7.4m through the cancellation of 9m of the 27.5m IVT shares issued as consideration for Alpha Aviation. In the circumstances, the directors believe this to be an excellent outcome for the Company.

Divisional Performance ~ Furniture

Year Under Review: Gregory Commercial Furniture continued to consolidate its position as one of the leading commercial seating manufacturers in both Australia and New Zealand, recording significant top line sales growth, together with improvements in margins in the Australian business throughout the year. New Zealand remains challenging with the team continuing to work through some of the legacy issues and operational challenges.

The appointment of Linda Barrett to head our Commercial Furniture Division as General Manager, completes our core senior executive team, which now manages Inventis. Linda brings extensive experience in product design and development as well as local and international sourcing, merchandising, planning, supply chain and logistics together with a strong sales and marketing background. Her key objectives include, driving greater consistency across the Division and improving accountability of every aspect of our commercial furniture business.

Our Boss Design partnership is now set on a path to success having renegotiated what was a burdensome arrangement that could have potentially cost our Company an extra \$1.2m over the next 4 years.

In addition to this, an amicable settlement was reached with the Damba vendors; the net effect of which was the restoration of \$0.5m in value for Inventis.

These settlements together with the renegotiation of the SoftCell Seating IP agreement are excellent outcomes for the company and ones, which now allow management to focus on driving the business forward.

Commercial Furniture Division revenue was \$24.4 million for the full year. This is \$6.6m above the same period last year. EBITDA for this year was \$1,118,291 compared to \$1,841,828 for the previous year. A major impact on the results for this year was the integration of Damba in Australia and New Zealand.

2009 Update: To facilitate sales growth and provide better operational efficiencies and lower costs, a review is currently underway of the Bayswater and Wetherill Park facilities to determine if a need to resize or relocate exists. A preliminary decision has been made to downsize Bayswater.

The Senior Management Structure is also being streamlined to create further strategic focus in key areas such as Sales, Product Development and Marketing. These 'front end' functions have been closely aligned to the manufacturing and operational strengths already present in the business. This has resulted in a new and dynamic management structure that works together to drive the Company forward as well as expansion into the West Australian market with dedicated resources based there.

Development of a one company structure between Australia and New Zealand is focused on establishing a single presence – Gregory Commercial Furniture – in both countries. The Damba name is being preserved and will continue to operate as a focused sub-brand, retaining its market presence in New Zealand where the name is known and respected.

Development of cohesive branding strategies for Gregory Commercial Furniture has seen the launch of the tag line 'Ergo-Ecological' to replace 'Ergonomic to the Core', which will remain a dedicated branding position for Gregory's ergonomic range of task and executive seating. 'Green to the Core' has also been launched to anchor the Company's commitment to environmentally friendly manufacturing processes and products. This commitment has led to the Good Environmental Choice Australia (GECA) accreditation of Wetherill Park and Bayswater plants plus seven products namely, Aztec, Boxta, CO2, Emotion, Inca and Vclass. In the coming year, it is anticipated that more products will achieve this prestigious accreditation.

Larger organisations are increasingly turning to Architects and Designers for office fit-out solutions. Our ability to better service this group with a broader furniture solution, will ensure another platform for the development of substantive business opportunities. Developing in-house design capabilities and relationships with local and overseas designers will allow us to be more responsive to the changing needs and tastes of the local and global markets.

Our Vibe Furniture continues its positioning in Australia as a vehicle capable of providing the “high end” product range to meet the needs of the Architect and Designer Market, utilising a mix of local and international talent. During the year, Vibe Furniture once again, ran the Creative Vibe Design competition, which focused on young Australian and New Zealand design talent who produced some exciting storage solutions. Two of the winning entries from last year (soft-seating) have now been commercialised and added to the Vibe Furniture range. This year’s winning entries will also be commercialised over the coming months.

The year to date result, as at 31 October 2008 is a Revenue of \$7.1m and an EBITDA of \$0.14m.

The Forecast to 30 June 2009 is Revenue of \$21.6m and an EBITDA of close to \$1.6m This bottom line is to be achieved through the rationalization of both Bayswater and the New Zealand plants; the downsizing of the Bayswater plant; a reduction in marketing expenditure and other expenses; as well as improving the top line sales in New Zealand to create viability for our New Zealand operations.

Divisional Performance ~ Technology

Year Under Review: Last financial year, it was decided to bring all the technology related companies together under the one banner, “Inventis Technology”. This year has seen the integration of marketing, engineering and administration to capitalise on the economies of scale, as well as opportunities for growth and development of the individual brands within the overall Technology Division, supported by inspired design and innovation.

The Technology Division now encompasses PNE, Impart, SafeZone® and Opentec. Robyn Himmelberg’s many years of experience and strong leadership, together with the further consolidation of the division, has led to the optimisation of further synergies in design and manufacture.

Inventis Technology’s revenue was \$13 million for the full year. This is \$0.6m below the same period last year. EBITDA for this year is \$1,112,424 compared to \$1,578,408 for the previous year. A major impact on the results for this year was the impairment of intangibles relating to Opentec to ensure that we are being both prudent and responsible in our accounting for intangible assets.

2009 Update: Despite the current economic conditions, significant growth to top line revenue is forecast for the division in the current financial year (\$15.3m). This forecast is the result of a number of initiatives put in place, which include, developing more products and applications to service an expanded market.

This year the division plans to,

- take a number of new end-user products to market;
- enhance resources in quality management and business development;
- up-skill manufacturing staff, both in-house and with our outsourced partners to build quality and value for our OEM customers.
- reduce costs by increasing the number of local and overseas subcontractors and outsourcing a greater range of functions; and

- develop strategic alliances that,
 - enable us to develop more applications and markets for our products; and
 - use each other's collaborative strengths to expand our presence in existing markets by delivering innovative and inspired solutions.

Considerable synergies created through the consolidation of the Technology Division in Financial Year 2008 are now allowing us to apply our significant in-house capabilities to the development of end-user focused products and solutions. These initiatives are arming us with more brands and products to take to a broader range of vertical markets and geographies. As a result, we have greater control over margins and the top line, whilst also reducing our reliance on OEMs and third parties.

Innovation is the life blood of our business. Our period of integration, and of exploring synergies between the loosely related businesses in our Technology Division, is now emerging as a set of commercial ready products. This impressive line-up of products bears testimony to how effective the integration of the IVTT divisions has been, and of how the strategy of bringing together synergistic businesses can spawn further innovation.

To understand why this is true and not just hype, let's look at the developments that we are now ready to take to both local and international markets, right at a time when shrinking markets and limited product ranges will be starting to hurt many businesses.

- Impart Controller Area Network (iCAN), has been developed. This will revolutionise the vehicle control market. iCAN allows third-party, non-CAN-Bus devices such as lights and sirens, to be installed on a CAN-Bus fitted vehicle, thereby reducing the time required to install a new device. iCAN is suited to police, ambulance, fire, emergency services and numerous other commercial vehicles. This is a product range with immense global sales potential in an emerging market that has been grossly underserved.

- The Bionic industries Personal Ioniser has been developed by PNE, which has also secured the international marketing rights for this product. The wearable unit features a host of innovations, so it's no surprise that it is the only unit approved by the Australian Therapeutic Goods Association. The personal ioniser market has been growing rapidly over the last few years and delivering a unique and innovative product for this market segment creates potential for new revenue streams.
- SafeZone® a battery powered, radio controlled, in-pavement warning beacon, which has been in development for nearly two years, was taken to the world market in 2008 at the Intertraffic International Road Safety Exhibition. Dedicated SafeZone® product management has resulted in further Research and Development leading to the release of a more durable and effective In Road Alert Device (IRAD), further strengthening the SafeZone's® value proposition for global markets. SafeZone® is now market ready and in 2009 we are confident that this new warning system will find its way into a range of applications both locally and internationally that will enhance vehicle and pedestrian safety, rail platform and rail crossing safety as well as numerous other applications.
- Opentec has created a range of applications with immense global potential. From situational awareness to biometrics, Opentec is delivering portable-computer-based solutions. These include,
 - The MAC2 system deployed by the Australian Navy; and
 - For our border patrol and emergency event response customers, we have created "TrioMetrics", which is a biometric scanner PDA with an embedded finger, facial and iris recognition system that is small and light enough to be carried on a patrol person's belt. Weighing less than 850 grams, it addresses a global demand for compact, rugged biometric identification systems for deployment by police, counter-terrorism, border patrol, coast guard and emergency response groups.

Underlying these new products are also new relationships that the Technology group is forging. Opentec has been appointed by Amrel USA as its distributor for Australia, New Zealand & selected Middle East countries. This allows Opentec to sell a range of Biometric Scanners, Acoustic Brain Wave Monitors, which detects post traumatic stress disorder (currently under test with the US Military) and an Early Cardiac Diagnostic System (currently undergoing clinical trials at UC, San Diego).

Over the past year Opentec created the AUSortium initiative, which comprises a group of Australian owned and operated ICT businesses with synergistic products, who have partnered to integrate them into an innovative suite of portable, computer-based solutions for a broader range of Defence, Emergency Services, Security and Healthcare applications.

Opentec and the AUSortium partners recently took part in the Australian Land Warfare Conference in Brisbane, whereby AUSortium developed solutions appeared to have significant export potential. Subsequent to the Conference, two of our AUSortium partners have confirmed trial orders for jointly developed systems, which represent a potential for more substantial orders for Opentec from the US in the next year; and finally,

- Hot Food Vending Machines: Inventis Technology has continued its involvement in the hot food vending machine industry and I am pleased to announce that it has negotiated a 7% interest in DNA Webnet in exchange for its IP. This is a revolutionary new concept in vending machines, providing 2 revenue streams. One from food and drink vending and the other from digital advertising. We are currently working with DNA to develop a state-of-the-art hot and cold food as well as drink vending machines.

DNA Webnet is a franchise style business with enormous potential both locally and internationally. Franchise sales for schools, universities, hospitals and government offices are progressing and the trialling of retro fit units for digital advertising is currently being negotiated with PepsiCo.

Each machine has a built-in computer and exclusive software that runs the unique web-based management system that monitors stock levels and re-ordering by machine and by location.

In addition to our shareholding in DNA Webnet, Inventis Technology is the exclusive supplier of the electronic controls for these machines, along with systems integration and electronic engineering services.

This relationship provides us with income from two sources, one of which is risk free and the other expected to be substantial as DNA Webnet is budgeting for revenue of \$10 million in the first full year of operation with a NPAT of \$5 million.

The year to date result, as at 31 October 2008 is a Revenue of \$3.8m and an EBITDA of \$0.2m.

The Forecast to 30 June 2009 is a Revenue of \$15.3m and EBITDA of almost \$2m.

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Inventis Corporate and Consolidated Financial Results

Total revenue was \$37.4m for the full year and NPAT was a loss of \$24.9m. The overall financial results reported this year also reflect a culmination of a number of other factors. These include, the write-down of assets and intangibles relating to the liquidation of Alpha Aviation; and a lower than expected result for both the Technology and Commercial Furniture Divisions.

Tough times, call for tough decisions. Consequently, to enhance our bottom line outcomes, I have embarked on a substantive cost-cutting exercise starting with a Head Office expenses being reduced by more than \$1m on an annualised basis, half of which is coming from a reduction in our Board and CEO costs coming down to almost \$400k per annum.

The Alpha situation is a truly regrettable one, but this has not affected our objective - "Growth" and "Shareholder value". The anticipated consolidated result for the year ending 30 June 2009 is a Revenue of \$36m and an EBITDA of \$1.2m, which should lead to NPAT of \$3.7m including the Alpha write-back reinstatement.

In the coming years we will concentrate on a more 'Back-to-Basics' business principle; We will enforce strict risk management controls with a view to securing earnings, anticipate changing economic conditions and customer needs; We will strengthen competitiveness in the Group's divisions by adopting best practice and becoming a customer-centric business that encourages performance and service; And we will enhance focus on the identification and exploitation of new business opportunities through proactive sales and marketing backed by product design, development and innovation.

On behalf of the Board, I would like to acknowledge the dedication, loyalty and effort of Inventis staff, who have continued to commit themselves to the Company in the current environment. Their efforts are truly appreciated.

I thank you, our Shareholders for your continued support of our Endeavours and sincerely thank our staff once again for theirs.

Tony Noun
Managing Director