

Rule 4.2A.3

**Appendix 4D****Half yearly report**

<b>Name of Entity</b>	Inventis Limited
<b>ABN</b>	40 084 068 673
<b>Half Year Ended</b>	31 December 2008
<b>Previous Corresponding Reporting Period</b>	31 December 2007

**Results for Announcement to the Market**

	\$'000	Percentage increase /(decrease) over previous corresponding period
<b>Revenue from continuing operations</b>	15,665	(25.1%)
<b>Profit from continuing operations after tax attributable to members</b>	76	N/A
<b>Net Profit for the period attributable to members</b>	3,557	N/A
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	Nil	Nil
<b>Interim Dividend</b>	Nil	Nil
<b>Previous corresponding period</b>	Nil	Nil
<b>Record date for determining entitlements to the dividends (if any)</b>	Not Applicable.	
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>		
The percentage decrease for Revenue from continuing operations as compared to the prior period is impacted by the revenue for Alpha Aviation being classified as discontinued in the current period and the general downturn in the economic environment.		
Notwithstanding the impact of the decline in revenue the profitability of the Group has significantly improved over the same period last year as there were no further write downs in the assets and intangibles of Alpha Aviation.		

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

Directors have not recommended payment of an interim dividend.

**NTA Backing**

	<b>Current Period</b>	<b>Previous corresponding period</b>
<b>Net tangible asset backing per ordinary security</b>	3 cents	4 cents

**Control Gained Over Entities Having Material Effect**

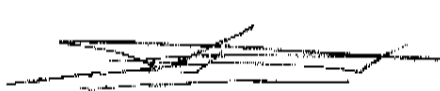
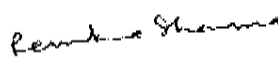
Name of entity	None
Date control gained	N/A
Profit / (loss) from continuing operations since the date in the current period on which control was acquired	N/A
Profit / (loss) from continuing operations of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

**Audit/Review Status**

<b>This report is based on accounts to which one of the following applies:</b> (Tick one)			
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>
<b>If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:</b>			
Not Applicable			
<b>If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:</b>			
<b>Extract from the independent auditor's review report:</b>			
<i>Basis of qualified conclusion</i>			
<p>As noted in Note 5 of the interim financial report, during the previous financial year, the Alpha Aviation Group of companies ("Alpha"), being wholly-owned subsidiaries of the Company, were placed into voluntary liquidation and receivership. As a result, the accounting records were not adequate to permit the application of appropriate review procedures. Accordingly, it was not possible to obtain all the information necessary to complete our review of Alpha relating to its performance and cash flows for the half year ended 31 December 2008 and its financial position at 31 December 2008 including the comparative periods.</p> <p>Had we been able to complete our review of Alpha, matters might have come to our attention indicating that adjustments might be necessary to the 31 December 2008 consolidated interim financial report including the comparatives.</p>			
<i>Qualified conclusion</i>			
<p>Except for the adjustments, if any, to the 31 December 2008 half year financial report relating to Alpha that we might have become aware of had it not been for the matters described above, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Inventis Limited is not in accordance with the Corporations Act 2001, including:</p>			
<p>(a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and</p>			
<p>(b) complying with Australian Accounting Standard AASB 134 <i>Interim Financial Reporting</i> and the <i>Corporations Regulations 2001</i>.</p>			

**Attachments Forming Part of Appendix 4D**

Attachment #	Details
1	Interim Financial Report

Signed By (Director)	(Company Secretary)
	
<b>Tony Noun</b> <i>Chairman and Managing Director</i>	<b>Renuka Sharma</b> <i>Company Secretary</i>
Dated this 27 <sup>th</sup> February 2009	

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# **Inventis Limited**

**ABN 40 084 068 673**

**and its controlled entities**

**31 December 2008**

**Interim Financial Report**

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## DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial report for the six months ended 31 December 2008 and the review report thereon.

### Directors

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

- Tony Noun
- Denis Pidcock
- Charles Michael Wright (appointed 13 October 2008)
- Antony Mark Turnbull (resigned 25 November 2008)
- Ian Winlaw (ceased to be director on 26 November 2008)
- David Richards (resigned as Alternate Director 5 September 2008)
- Graeme Edwards (resigned as Alternate Director on 27 August 2008)

### Review of Operations

During the period under review, the current economic crisis has been quite a challenge for everyone including Inventis. However, we are faring better than many due to the prompt action of a strong and dedicated management team, which embarked on a comprehensive restructure program following the Alpha Aviation receivership process that immediately preceded the current economic environment. Yet, despite all of this turmoil, the Group has been able to successfully continue with its technology and furniture businesses. The financial results of the Group for the period under review may be summarised as follows:

	31-Dec 2008 \$m	31-Dec 2007 \$m	% Change
<b>Sales</b>			
<u>Continuing Operations</u>			
Furniture	10.2	13.6	(25.1%)
Technology	5.9	7.0	(16.2%)
Eliminations	(0.4)	(0.9)	
Sub-total Continuing Operations	<u>15.7</u>	<u>19.7</u>	(20.5%)
<u>Discontinued Operations</u>			
Aviation	0.6	1.2	
Total	<u>16.3</u>	<u>20.9</u>	(22.1%)
<b>Net profit / (loss)</b>			
<u>Continuing Operations</u>			
Furniture	0.4	0.2	
Technology	0.6	0.5	
Corporate / Eliminations	(1.0)	(0.7)	
Sub-total	<u>0.0</u>	<u>0.0</u>	
<u>Discontinued Operations</u>			
Net loss	(0.1)	(2.6)	
Impairment Charges	0.0	(20.9)	
Other income	3.6	0.0	
sub-total	<u>3.5</u>	<u>(23.5)</u>	
<b>Total Net Profit / (Loss)</b>	<u>3.5</u>	<u>(23.5)</u>	<b>247.5%</b>

A commentary on the three individual divisions of Inventis is set out below.

### Technology Division

Inventis Technology revenue was \$5.9 million for this half year. Although this is 16% below the same period last year, in the second half of this financial year the Division has introduced a range of diverse products to a number of industries and markets, consequently we anticipate a strong finish with sales forecast to reach \$13.7 million for the full year, which would be \$0.7 million above the previous year. The performance to date and the anticipated performance for the year ending 30 June 2009 would be an outstanding achievement in these tough economic times.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for this period is \$0.7 million compared to \$1.1 million for the same period last year. This is as a consequence of a number of factors including the current economic environment compounded by the massive devaluation of the Australian dollar. To combat the impact of the devaluation and the tough economic environment, we have implemented pricing adjustments to customers and suppliers, improved production efficiencies, reduced staff and costs and moved forward with new product releases. Consequently, the anticipated EBITDA for the full year is \$1.5 million. Some of the initiatives currently on foot, which seek to ensure this positive result for the year ending 30 June 2009 include:

- **Safe Zone:** A product that was initially developed for the road safety niche market has been reengineered and now has many alternate applications such as the Safe Zone Advance Warning Light System, which has received significant interest in the rail environment for applications that deal with rail crossings, SPAD (signal past at danger) applications and assistance in the controlling of passengers on crowded platforms. Trial sites are currently being negotiated with a number of State Rail Authorities, with roll-outs expected to commence in the 2009-2010 financial year. In addition to this, numerous applications exist in the occupational health and safety environment with a number of industries that include mining, light rail and road safety. These developments demonstrate the versatility, technology and intellectual property of such a robust design;
- **Personal Ionisor health product:** A detailed marketing plan is now complete for the launch of this product to both the local and international markets and we expect this to be a strong contributor to sales and bottom line results in the coming years;
- **Opentec Solutions:** Continues to focus on partnerships and alliances with particular emphasis on Defence contractors. Based on its continuing efforts and strong relationships, it has been awarded the distributorship for Australia/New Zealand and selected Middle East countries for the sophisticated mobile Biometric Scanner which is able to remotely process and access central databases of key biometric identifiers. This distributorship broadens the range of products being marketed under the Opentec brand particularly for security and border control. Furthermore, an experienced business development manager has been appointed to ensure that this comprehensive range of products is put before decision makers in the appropriate markets; and
- **Impart Special Products:** The development of the Ican CBus system is now complete and ready for production. It is anticipated that the product will be in the market by the end of this current financial year.

### Furniture Division

The Commercial Furniture Division's revenue was \$10.2 million for the period to 31 December 2008. This is 25% below the same period last year and is in our view a direct result of the current economic climate, which has impacted the refurbishment programs of the Division's traditional customer base. Although a focus into new markets and an increase in sales activity will lead to better outcomes in the later part of the year, it is still forecast to be some 20% below last year for the period ending 30 June 2009.

EBITDA for the Division is \$0.7 million compared to \$0.6 million for the same period last year. While the current economic conditions, reduced sales and massive devaluation of the Australian dollar, impacted heavily on the cost of components purchased from overseas and overall profitability, the division was able to maintain a positive EBITDA similar to same period last year. This is an excellent result when one considers the 25% reduction in sales. This outcome was achieved through extensive expenditure reduction measures across all areas of the division, improved manufacturing processes and staff reductions of approximately 20% as at the date of this report. The anticipated EBITDA for the full year is expected to be \$1.1 million.

Notwithstanding the challenges of the current economic climate, the Commercial Furniture Division has been actively developing products to meet the current market conditions and enter into new segments to broaden its customer base. Major initiatives include,

- Development and implementation of new strategic alliances to better service our customers, increase our product range and instigate supply chain efficiencies;
- A continuing commitment to eco-friendly products whereby three additional products have now been GECA (Good Environmental Choice Australia) certified. A further six products are currently being assessed;
- The development and reinvestment of cohesive marketing collateral incorporating the tag line of 'Ergo-Ecological' for both the task and executive seating; as well as 'Green to the Core' as a tag line for the Company's commitment to environmentally manufacturing processes and products;
- The strengthening of sales and marketing activity in the Western Australian market with dedicated resources in Perth; plus
- A review of components, which seeks to balance offshore procurement with a greater emphasis on supporting established local (Australian and New Zealand) suppliers.

#### **Aviation Division**

Alpha Aviation continues to operate in receivership and the results are recorded under the discontinued operations portions of the accompanying financial statements and notes.

#### **Financial Review**

The Group's sales for the period ended 31 December 2008 were \$16.3 million (including discontinued operations of \$0.6 million). This is \$4.6 million below last year results for the same period.

The Group's Net Profit after Tax for the Period was \$3.5 million. This is \$27.0 million above last year's result for the same period. This variation is mainly due to the impairment of Alpha Aviation which took place in December 2007 and the subsequent settlement with the Alpha vendors.

#### **Dividends**

The Directors do not recommend the payment of a dividend.

#### **Rounding**

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### **Auditor's Independence Declaration**

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

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



Tony Noun  
Chairman and Managing Director.

**SYDNEY, This 27<sup>th</sup> day of February 2009.**



**Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

To: the directors of Inventis Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to be 'Carlo Pasqualini'.

Carlo Pasqualini  
Partner

Sydney

27 February 2009

**Inventis Limited**  
**Consolidated Interim Income Statement**  
**For the half year ended 31 December 2008**

Note	31 Dec 2008 S'000	31 Dec 2007 S'000
<b>Continuing Operations</b>		
<b>Revenue</b>	15,665	20,922
Cost of sales	(8,689)	(12,042)
<b>Gross profit</b>	<b>6,976</b>	<b>8,880</b>
Other (expenses) / income	(126)	64
<b>Less expenses</b>		
Manufacturing and operations	(1,594)	(3,363)
Engineering and quality assurance	(593)	(1,093)
Administration	(2,369)	(25,330)
Sales and marketing	(2,289)	(2,994)
<b>Total expenses</b>	<b>(6,845)</b>	<b>(32,780)</b>
<b>Profit / (Loss) from operating activities</b>	<b>5</b>	<b>(23,836)</b>
Financial income	11	38
Financial expenses	(178)	(180)
<b>Net financing costs</b>	<b>(167)</b>	<b>(142)</b>
<b>Loss before income tax</b>	<b>(162)</b>	<b>(23,978)</b>
Income tax benefit	238	522
<b>Profit / (Loss) for the period from continuing operations</b>	<b>76</b>	<b>(23,456)</b>
<b>Discontinued operations</b>		
Loss from discontinued operations, net of income tax	(122)	-
Warranty claim settlement	4	3,603
<b>Profit from discontinued operations</b>	<b>3,481</b>	<b>-</b>
<b>Profit / Loss for the period</b>	<b>3,557</b>	<b>(23,456)</b>
	<b>cents</b>	<b>cents</b>
<b>Earnings / (Loss) per share</b>		
Basic earnings / (loss) per share	3.2	(21.5)
Diluted earnings / (loss) per share	3.2	(21.5)
<b>Continuing operations</b>		
Basic earnings / (loss) per share	0.07	(21.5)
Diluted earnings / (loss) per share	0.07	(21.5)

The condensed notes on pages 10 to 20 are an integral part of these consolidated interim financial statements.

**Inventis Limited**  
**Consolidated Interim Statement of Recognised Income and Expense**  
**For the half year ended 31 December 2008**

	Note	31 Dec 2008 \$'000	31 Dec 2007 \$'000
Foreign currency translation differences for foreign operations		189	(22)
Other		3	(49)
Income and expense recognised directly in equity		192	(71)
Profit/(Loss) for the period		3,557	(23,456)
<b>Total recognised income and expense for the period</b>	<b>8</b>	<b>3,749</b>	<b>(23,527)</b>
<b>Attributable to:</b>			
Equity holders of the Company		3,749	(23,527)
Minority interest		-	-
<b>Total recognised income and expense for the period</b>	<b>8</b>	<b>3,749</b>	<b>(23,527)</b>

The condensed notes on pages 10 to 20 are an integral part of these consolidated interim financial statements.

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	Note	31 Dec 2008 \$'000	31 Dec 2007 \$'000
<b>Assets</b>			
Cash and cash equivalents		479	355
Trade and other receivables		5,369	7,068
Inventories		4,592	5,046
Prepayments		276	89
Current tax assets		-	150
Assets classified as held for sale	6	2,953	3,131
<b>Total current assets</b>		<b>13,669</b>	<b>15,839</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	2,433	2,522
Other financial assets		69	69
Deferred tax assets		2,127	1,923
Intangible assets		5,341	5,148
<b>Total non-current assets</b>		<b>9,970</b>	<b>9,662</b>
<b>Total assets</b>		<b>23,639</b>	<b>25,501</b>
<b>Liabilities</b>			
Trade and other payables		3,936	6,111
Interest-bearing liabilities		2,648	2,313
Employee benefits		1,550	1,288
Liabilities classified as held for sale	6	5,723	5,878
<b>Total current liabilities</b>		<b>13,857</b>	<b>15,590</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities		1,029	1,249
Employee benefits		130	168
<b>Total non-current liabilities</b>		<b>1,159</b>	<b>1,417</b>
<b>Total liabilities</b>		<b>15,016</b>	<b>17,007</b>
<b>Net assets</b>		<b>8,623</b>	<b>8,494</b>
<b>Equity</b>			
Share capital	8	27,737	31,357
Reserves	8	(16)	(208)
Accumulated losses	8	(19,098)	(22,655)
<b>Total equity</b>		<b>8,623</b>	<b>8,494</b>

The condensed notes on pages 10 to 20 are an integral part of these consolidated interim financial statements.

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**Inventis Limited**  
**Consolidated Interim Statement of Cash Flows**  
**For the half year ended 31 December 2008**

	<b>31 Dec 2008 S'000</b>	<b>31 Dec 2007 S'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers (including GST)	20,050	23,553
Cash paid to suppliers and employees (including GST)	(19,725)	(27,809)
Interest paid	(353)	(180)
Interest received	11	38
Income taxes received/(paid)	102	(23)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>85</b>	<b>(4,421)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash required	-	236
Proceeds/payments for other financial assets	-	2,540
Purchase of property, plant and equipment	(91)	(1,485)
<b>Net cash (outflow) / inflow from investing activities</b>	<b>(91)</b>	<b>1,291</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	2,071
Transaction costs of share issue	16	(82)
Proceeds from borrowings	11,659	2,179
Repayment of borrowings	(11,540)	(1,221)
Lease liability payment	(5)	(5)
<b>Net cash inflow from financing activities</b>	<b>130</b>	<b>2,942</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>124</b>	<b>(188)</b>
Cash and cash equivalents at beginning of the period	355	1,445
<b>Cash and cash equivalents at end of the period</b>	<b>479</b>	<b>1,257</b>

The condensed notes on pages 10 to 20 are an integral part of these consolidated interim financial statements.

**INVENTIS LIMITED**  
**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2008**

**NOTE 1: Basis of Preparation of Half Year Financial Statements**

**Reporting Entity**

Inventis Limited (the "Company" or "Inventis") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2008 is available upon request from the company's registered office at Suite 12, 1 Box Road, Caringbah, NSW, 2229 or at [www.inventis.com.au](http://www.inventis.com.au).

**Statement of Compliance**

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

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2008 and any public announcements made by Inventis Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This consolidated interim financial report was approved by the Board of Directors on 27 February 2009.

**Significant Accounting Policies**

Except as described below, the accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2008.

The Group has elected to early adopt the following accounting standards and amendments:

- AASB 8 *Operating Segments*

As a result of adopting AASB 8, the Group now discloses operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker, Tony Noun (CEO). Previously the Group identified two sets of segments – one based on related products and services (primary segment) and the other on geographical areas (secondary segment).

The change in accounting policy was recognised retrospectively in accordance with the transitional provision of the amendment, and comparatives have been restated. The change in accounting policy has impacted the presentation of the Group's segment disclosures only. The change in accounting policy has not impacted the profit and loss, balance sheet, equity or earnings per share in the current or prior periods.

The comparative year information has been reclassified as required, to be consistent with the current year presentation.

**Estimates**

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

In preparing this consolidated interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

**INVENTIS LIMITED**  
**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2008**

**NOTE 2: Segment Reporting**

The Group comprises the following main business segments:

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

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

Other operations discontinued during the previous financial year include the design, manufacture and sale of two-seater aircraft.

A corporate head office function provides the Group with finance, human resources and IT services, however this corporate function does not satisfy the requirements for disclosures as a reportable segment.

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

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**INVENTIS LIMITED**  
**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the half year ended 31 December 2008

**NOTE 2: Segment Reporting (continued)**

	Furniture Division		Technology Division		Aviation (Discontinued)		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total external revenue	10,186	14,544	5,867	6,086	614	1,184	16,667	21,814
Inter-segment revenue	(388)	(892)	-	-	-	-	(388)	(892)
Interest revenue	1	4	3	10	-	3	4	17
Interest expense	(2)	(3)	(1)	-	(175)	(174)	(178)	(177)
Depreciation and amortisation	170	474	178	242	0	352	348	1,068
Reportable segment profit before income tax	493	(3)	540	764	3,481	(23,573)	4,514	(22,812)
Other material non-cash items:								
Impairment on PPE and other assets	-	-	-	-	131	(7,506)	131	(7,506)
Impairment on intangible assets	-	-	-	-	-	(1,723)	-	(1,723)
Impairment of goodwill	-	(303)	-	-	-	(11,756)	-	(12,059)
Warranty claim settlement	-	-	-	-	3,603	-	3,603	-
Reportable segment assets	9,119	13,595	15,052	10,171	2,953	3,318	27,124	27,084
Reportable segment liabilities	(5,949)	(6,965)	(3,517)	(3,374)	(5,723)	(6,220)	(15,189)	(16,559)

**INVENTIS LIMITED**  
**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2008**

**NOTE 2: Segment Reporting (continued)**

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

	31 Dec 2008 \$'000	31 Dec 2007 \$'000
<b>Revenues</b>		
Total revenue for reportable segments	16,667	21,814
Elimination of inter-segment revenue	(388)	(892)
Elimination of discontinued operations	(614)	-
Consolidated revenue from continuing operations	<u>15,665</u>	<u>20,922</u>
<b>Profit or loss</b>		
Total profit/(loss) for reportable segments	4,514	(22,812)
Elimination of inter-segment profits/(losses)	42	(146)
Elimination of discontinued operations	(3,481)	-
Unallocated amounts: other corporate expenses	(1,237)	(1,020)
Consolidated profit/(loss) before income tax from continuing operations	<u>(162)</u>	<u>(23,978)</u>
<b>Assets</b>		
Total assets for reportable segments	27,124	27,084
Other unallocated amounts	(3,485)	2,784
Consolidated total assets	<u>23,639</u>	<u>29,868</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	(15,189)	(16,559)
Other unallocated amounts	173	(2,332)
Consolidated total liabilities	<u>(15,016)</u>	<u>(18,891)</u>

**Other material items 2008**

	Reportable segment totals \$'000	Corporate / Eliminations \$'000	Consolidated total \$'000
Interest income	4	7	11
Interest expense	178	175	353
Depreciation and amortisation	348	20	368
Impairment losses on PPE and other assets	(131)	-	(131)

**Other material items 2007**

	Reportable segment totals \$'000	Corporate / Eliminations \$'000	Consolidated total \$'000
Interest income	17	21	38
Interest expense	177	3	180
Depreciation and amortisation	1,068	6	1074
Impairment on intangible assets	1,723	-	1,723
Impairment losses on PPE and other assets	7,506	-	7,506
Impairment on goodwill	12,059	-	12,059

**INVENTIS LIMITED**  
**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**NOTE 2: Segment Reporting (continued)**

**Geographical segments**

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

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

Geographical information	Revenue 2008 Non-current	Revenue 2007 Non-current
Total	16,279	11,091

**Major customer**

Revenue from one customer of the Group's Technology segment represents approximately \$2,242,000 (2007: \$2,542,000) of the Segment's total revenues \$5,867,000 (2007: \$6,086,000).

**NOTE 3. Expenses**

Included in administration expense are the following

- Impairment of property, plant and equipment - Alpha
- Impairment of other assets - Alpha
- Impairment of goodwill - Alpha
- Impairment of goodwill - other NZ entities

	31 Dec \$'000	31 Dec \$'000
	-	5,117
	(131)	4,113
	-	11,756
	-	303
	(131)	21,289

**NOTE 4. Warranty Claim Settlement 24 November 2008**

On 2 July 2007, Inventis acquired all the shares in Alpha Aviation Limited and its controlled entities for the consideration of \$11 million, fully satisfied by shares in Inventis.

On 22 January 2008 Alpha Aviation was placed into liquidation and subsequently a Receiver was appointed by the Bank of New Zealand. Alpha Aviation's liquidation resulted from its failure to meet protected output of aircraft and the Receiver's negotiations with the Alpha Vendors for a reduction in the purchase price of Alpha Aviation from \$11 million to \$7.4 million. This reduction in purchase price led to the cancellation of 9 million of the 27.5 million shares issued by Inventis. This was undertaken in accordance with the original transaction pursuant to the terms and conditions of the Sale and Purchase agreement.

The cancellation of the shares in Inventis resulting from the reduction in purchase price has been reflected in the financial statements for the period ended 31 December 2008.

**INVENTIS LIMITED**  
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**NOTE 5. Discontinued operations**

**Alpha Aviation**

On 22 January 2008, the Board of Directors of Inventis Limited appointed a Liquidator to its New Zealand based wholly owned subsidiaries Alpha Aviation Limited, Alpha Aviation Manufacturing Limited and Alpha Aviation Marketing Limited. The action of placing these companies in Liquidation was taken by the Board as a result of the failure of Alpha Aviation to meet its projected output of aircraft and the consequential impact that this had on the funding requirements of the Alpha Aviation Group.

On the same day, the Bank of New Zealand Limited appointed a Receiver to the above three companies.

On 18 February 2008, the Bank of New Zealand appointed a Receiver to the remaining wholly owned subsidiaries in the Alpha Aviation Group, namely, Alpha Aviation Investments Limited, Alpha Aviation Design Limited, Alpha Aviation Leasing Limited, Alpha Aviation Property Limited and A&CL Properties (2005) Limited.

A consequence of the above events in future reporting periods is that the net deficiency in assets is currently recognised in the consolidated financial statements at 31 December 2008 relating to Alpha Aviation, may be reversed (or part thereof) due to the Inventis Group not having any obligations to settle outstanding liabilities. The estimated timing of any of the above events is unknown at the date of this report.

	<b>Consolidated Entity</b>	
	<b>31 Dec 2008 \$'000</b>	<b>31 Dec 2007 \$'000</b>
<b>Results of discontinued operation</b>		
Revenue	614	-
Expenses	(692)	-
Impairment losses	131	-
Results from operating activities	53	-
Finance income	-	-
Finance expense	(175)	-
Net finance costs	(175)	-
Income tax expense	-	-
Results from operating activities, net of income tax	(122)	-
Warranty claim settlement	3,603	-
<b>Profit for the period</b>	<b>3,481</b>	<b>-</b>
	<b>cents</b>	<b>cents</b>
Basic earnings per share	3.13	-
Diluted earnings per share	3.13	-
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from discontinued operation</b>		
Net cash used in operating activities	(179)	-
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net cash used in discontinued operation	(179)	-

**INVENTIS LIMITED**  
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**NOTE 6. Assets and liabilities held for sale**

Alpha Aviation Limited and its subsidiaries are presented as a disposal group held for sale following the appointment of the liquidator and receiver on 22 January 2008, to sell the facilities due to the failure of Alpha Aviation to meet its projected output. Efforts of the receiver to sell the disposal group have commenced and the expected settlement of the disposal group is not known at the date of this report.

	Consolidated Entity	
	31 Dec 2008 \$'000	30 Jun 2008 \$'000
<b>Assets classified as held for sale</b>		
Cash and cash equivalents	179	307
Inventories	666	685
Property, plant and equipment	2,108	1,998
Trade and other receivables	-	141
	2,953	3,131
<b>Liabilities classified as held for sale</b>		
Trade and other payables	2,420	2,483
Loans and borrowings	3,303	3,395
	5,723	5,878

An impairment loss of \$11,756,239 in relation to goodwill and \$8,942,056 in relation to other assets on the re-measurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell was recognised in expenses in the consolidated income statement for the comparative period. Of this impairment loss, \$1,669,582 relates to impairment of intangibles and \$7,272,474 relates to other assets.

**NOTE 7: Property, plant and equipment**

*Acquisitions and disposals*

During the six months ended 31 December 2008 the Group acquired assets with a cost of \$91,057 (2007: \$9,612), including assets acquired through business combinations of nil (2007: \$6,018,522).

Assets with a carrying amount of \$1,648 (2007: nil) were disposed of resulting in a loss on disposal of \$174 (2007: nil) which is included in other income.

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**NOTE 8. Capital and Reserves**

**Reconciliation of movements in capital and reserves**

<b>Consolidated</b>	<b>Share capital</b>	<b>Reserves</b>	<b>Retained earnings/ (Accumulated Losses)</b>	<b>Total equity</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 July 2007</b>	18,219	399	2,216	20,834
Total recognised income and expense	-	-	(23,527)	(23,527)
Issue of ordinary shares	13,952	-	-	13,952
Foreign currency translation	-	22	-	22
Share issue costs	(304)	-	-	(304)
<b>Balance at 31 December 2007</b>	<b>31,867</b>	<b>421</b>	<b>(21,311)</b>	<b>10,977</b>
<b>Balance at 1 July 2008</b>	31,357	(208)	(22,655)	8,494
Total recognised income and expense	-	192	3,557	3,749
Cancellation of ordinary shares	(3,603)	-	-	(3,603)
Share issue costs	(17)	-	-	(17)
<b>Balance at 31 December 2008</b>	<b>27,737</b>	<b>(16)</b>	<b>(19,098)</b>	<b>8,623</b>

**NOTE 9: Loans and Borrowings**

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2008:

	<b>Currency</b>	<b>Interest Rate</b>	<b>Face Value \$'000</b>	<b>Carrying Amount \$'000</b>	<b>Year of maturity</b>
<b>Balance as at 1 July 2008</b>				<b>3,562</b>	
<b><u>Loans acquired</u></b>					
Debtors financing facility	AUD	6.86% - 9.45%	11,648	11,648	-
Finance lease liabilities	AUD	8.80% - 15.23%	12	12	2012
<b><u>Repayments</u></b>					
Commercial bills	AUD		(39)	(39)	2012
Commercial bills	NZD		(180)	(180)	2012
Debtors financing facility	AUD		(11,321)	(11,321)	-
Finance lease liabilities	AUD		(5)	(5)	2012
<b>Balance as at 31 December 2008</b>				<b>3,677</b>	

In the prior interim period \$6,046,182 of loans were issued and an amount of \$1,221,283 was repaid.

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**NOTE 10. Related parties**

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

Non-executive directors	Executive Directors
Denis Pidcock	Tony Noun
Ian Winlaw (ceased to be a director on 26 November 2008)	David Richards (Alternate, resigned 5 September 2008)
Graeme Edwards (Alternate, resigned on 27 August 2008)	
Charles Michael Wright (appointed 13 October 2008)	
Antony Mark Turnbull (resigned on 25 November 2008)	
Executives	
Alfred Kobylanski	Linda Barrett
Robyn Himmelberg	Renuka Sharma

(i) **Key management personnel compensation**

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

(ii) **Other key management personnel transactions**

The Company paid rent of \$59,216 (2007: \$44,005) to entities associated with Mr David Richards and Mrs Robyn Himmelberg for land and buildings in relation to the Sydney operations of the electronic products business.

The Company paid printing of \$15,441 (2007: nil) to entities associated with Mrs Robyn Himmelberg for the Sydney operations of the electronic products business.

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

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**INVENTIS LIMITED**  
**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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**NOTE 10. Related parties (continued)**

*(iii) Movements in shares*

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

	Held at 1 July 2008	Purchases / (Disposals by way of Sale or cancellation of shares)	Held at 13 February 2009
Graeme Edwards	7,351,648	(7,351,648)	NIL
Tony Noun	950,000	7,186,000*	8,136,000*
Richard Sealy	4,533,805	(4,533,805)	NIL
Robyn Himmelberg	10,291,973	2,628,904	12,920,877
David Richards	10,291,983	3,162,431	13,454,414
Ian Winlaw	50,000	-	50,000
Barry Colman	14,499,383	(14,499,383)	NIL
Alfred Kobylanski	50,000	3,100,000	3,150,000
Linda Barrett	-	347,988	347,988
Renuka Sharma	5,000	20,000	25,000

\* includes 3,953,048 shares held in trust by THN Pty Limited.

**NOTE 11. Going concern**

The half-year financial report has been prepared on the going concern basis of accounting, which assumes, with the exception of Alpha Aviation, the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the period ended 31 December 2008, the Group recorded a profit of \$3.5 million (continuing operations \$76,000 and discontinued operations \$3,481,000) and had a deficiency in working capital of \$188,000.

In relation to the directors' assessment of the going concern assumption, the directors have considered the following:

- The Group is in an overall net asset position at 31 December 2008 of \$8.6 million which includes the negative impact of Alpha Aviation;
- Excluding Alpha Aviation, the Group would be in a net current asset position of \$2.6 million; and
- Operating losses relating to Alpha will not recur in future periods given that these companies are now in the control of liquidators and receivers and Inventis has not provided any guarantees for the liabilities of Alpha.

Banking facilities of \$4.6 million are available to the Group as at 31 December 2008. The Group does not expect to require funding beyond this facility in the foreseeable future, or at least one year from the signing of these financial statements. Of the available facilities, \$3.6 million was drawn down at 31 December 2008, leaving \$1.0 million in unutilised facilities.

The directors have reviewed the cash flow forecasts relating to the remaining furniture and technology operations and believe that there are sufficient net cash inflows and facilities available that will enable the company to fund its operations for at least the next 12 months.

The Directors have therefore concluded that it is appropriate to prepare the financial report on a going concern basis, as they are confident the Group will be able to pay its debts as and when they become due and payable through positive cash flows and available facilities.

**INVENTIS LIMITED**  
**CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2008**

**NOTE 12: Contingent Liabilities**

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

**NOTE 13: Events Subsequent to Reporting Date**

There has not arisen in the interval between the end of the half year ended 31 December 2008 and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

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**INVENTIS LIMITED****Directors' Declaration**

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

1. the financial statements and notes set out on pages 6 to 20, are in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the six month period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

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

Dated at Sydney this 27<sup>th</sup> day of February 2009

Signed in accordance with a resolution of the directors.



Tony Noun  
*Chairman and Managing Director*

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## **Independent auditor's review report to the members of Inventis Limited**

### **Report on the financial report**

We have reviewed the accompanying consolidated interim financial report of Inventis Limited ("the Company"), which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 13 and the directors' declaration set out on pages 6 to 21 of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Inventis Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



*Basis of qualified conclusion*

As noted in Note 5 of the interim financial report, during the previous financial year, the Alpha Aviation Group of companies ("Alpha"), being wholly-owned subsidiaries of the Company, were placed into voluntary liquidation and receivership. As a result, the accounting records were not adequate to permit the application of appropriate review procedures. Accordingly, it was not possible to obtain all the information necessary to complete our review of Alpha relating to its performance and cash flows for the half year ended 31 December 2008 and its financial position at 31 December 2008 including the comparative periods.

Had we been able to complete our review of Alpha, matters might have come to our attention indicating that adjustments might be necessary to the 31 December 2008 consolidated interim financial report including the comparatives.

*Qualified conclusion*

Except for the adjustments, if any, to the 31 December 2008 half year financial report relating to Alpha that we might have become aware of had it not been for the matters described above, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Inventis Limited is not in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Carlo Pasqualini  
*Partner*

Sydney

27 February 2009

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