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## ANNOUNCEMENT TO THE ASX

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### Market Update

#### 25 May 2012 ~ Inventis Limited (ASX: IVT)

By way of update to the market, Inventis Limited reports that group revenue for the period ended 30 April 2012 is \$15.6m with Earnings Before Depreciation Amortisation and Tax (EBDAT) being a loss of \$2.8m. The group's position is expected to continue to improve resulting in revenue of \$22m and an EBDAT loss of \$2.4m for the financial year ending 30 June 2012.

**Furniture Division:** Revenue for the financial year ending 30 June 2012 is expected to be \$15m (a \$1m improvement on last year's sales), with EBDAT being a \$1.4m loss.

The sales results are encouraging, particularly those for the New Zealand (NZ) segment whose success is being driven by major exclusive contract wins with the likes of the NZ Defence Force and District Health Boards. The growth in sales has caused a strain on the group's cash-flow and thus delayed our procurement strategy, which is aimed at addressing the profit aspect of the business.

In Australia, sales were somewhat sluggish, largely due to a market contraction whereby major corporate customers have either delayed or cancelled planned development projects while others embarked on staff reduction measures.

The Division-wide implementation of the new operational, supply and procurement strategy, has led to a record number of new orders from Government, Universities and major Corporate clients, with a substantive forward order book well into 2013. Additionally, a continuing focus on exclusive long-term supply contract arrangements with Government, Corporate as well as Health and Aged Care facilities ensures the Division's continued growth and success as a true turnkey office furniture solution provider.

Against this backdrop, projected Furniture Division sales for the financial year ending 30 June 2013 are expected to be in the order of \$19m with an EBDAT of \$1m.

**Technology Division:** Revenue for the financial year ending 30 June 2012 is expected to be \$7m with an EBDAT loss of \$1m.

The less than anticipated revenue outcome and poor profit result, compared to last year, is a direct consequence of the Division losing a major client (\$3m) and the non-recurring Government project secured last year by Opentec (\$2.4m).

This anticipated outcome has been countered by the changes made to becoming a leaner and more efficient operation providing innovative design solutions using an enhanced outsourcing strategy to ensure we are competitive in today's challenging market-place. Furthermore, in line with this new strategy to improve profitability, the company restructured and streamlined processes further by reducing overheads and reoccurring expenditure. These measures are expected to bear fruit in the 2013 financial year. however, due to one-off restructuring costs it has had a negative impact on profitability and cash-flow during the current financial year.

It is pleasing to report that our Technology Division is continuing to achieve success within the Defence and State Government Rail and Road Infrastructure sectors. In addition to this, continuing and improved acceptance of our SafeZone and EAS evacuation systems coupled with Opentec solutions is leading to substantial opportunities for the coming financial year. Consequently, our new Technology Division management is confident of achieving a revenue forecast of \$14m for the coming financial year with an EBDAT of \$1.5m

**Inventis Group:** The Board is currently exploring alternatives to support the cash-flow strain created by the restructuring, sales growth and projected increase in revenue for the coming financial year, which is expected to exceed \$30m with an EBDAT of \$2m.

As always, we are extremely thankful to all our stakeholders including, our customers, our suppliers and our staff for their support and efforts.



Tony Noun  
**Executive Chairman**