

Appendix 4D

Half Yearly Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Half Year Ended	31 December 2013
Previous Corresponding Reporting Period	31 December 2012

Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	7,847	(33.2%)
Loss from continuing operations after tax attributable to members	(930)	N/A
Profit from discontinued operations after tax attributable to members	69	N/A
Net Loss for the period attributable to members	(861)	N/A
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividends (if any)		Not Applicable.
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Refer to the Directors report.		

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

Directors have not recommended payment of an interim dividend.

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	0.3 cents	0.4 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

This report is based on accounts to which one of the following applies:(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"/>
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: <p style="text-align: center;">Not Applicable</p>			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: <p style="text-align: center;">Not Applicable</p>			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Consolidated Financial Report

Signed By Tony Noun	
 Executive Chairman	 Director
Dated this 28 th day of February 2014	

**INVENTIS LIMITED
AND ITS CONTROLLED ENTITIES
ABN 40 084 068 673**

31 DECEMBER 2013

INTERIM CONSOLIDATED 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 2013 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 Director (1 July 2013 to 9 July 2013)
- Denis Pidcock (Alternate Director)
- Anthony Mankarios (Appointed 9 July 2013)
- Peter Bobbin
- Alfred Kobylanski (Alternate Director)

Review of Operations

During the period under review, the company undertook a capital raising to significantly improve the Company's working capital and resulted in raising \$2.65 million by the close off date of 6 December 2013 and is well placed to raise the shortfall of \$1.0 million by close of business 6 March 2014. The economic climate continued its patchy recovery and coupled with the working capital constraints, has impacted the Group in the first six months of this financial year.

Notwithstanding these matters, the Group also embarked upon a program of revitalising its sales and marketing activities through recruitment of seasoned professionals, appropriate incentivisation of these staff, fast tracking of e-commerce facilities and upgrading of marketing collateral in both print and electronic media. As a result there has been a marked turnaround in sales activity, the impact of which will result in improved results in the later part of the financial year.

The financial results of the Group for the period under review may be summarised as follows:

Review of Financial Operations for 4D

(in thousands of AUD)	31-Dec 2013	31-Dec 2012	% Change
Sales <u>Continuing Operations</u>			
Technology	2,837	4,761	(40.4%)
Furniture	5,043	6,988	(27.8%)
Eliminations	(33)	(3)	
Total Continuing Operations	<u>7,847</u>	<u>11,746</u>	(33.2%)
EBITDA <u>Continuing Operations</u>			
Technology	124	971	
Furniture	(700)	(200)	
Corporate / Eliminations	<u>(506)</u>	<u>(742)</u>	
<i>Sub-total</i>	(1,082)	30	
<u><u>Discontinued Operations</u></u>			
Net loss	(13)	0	
<i>Sub-total</i>	<u>(13)</u>	<u>0</u>	
Total EBITDA	<u>(1,095)</u>	<u>30</u>	
NPAT Continuing Operations	(930)	(309)	
Discontinued Operations	69	5,040	
Total NPAT	<u>(861)</u>	<u>4,732</u>	

Technology Division

The Technology division's revenue for the first six month period to 31 December 2013 was \$2.8 million. This is 40% below the same period last year. Anticipated revenue for the full year to 30 June 2014 is \$7.7million.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) for this reporting period was a profit of \$0.1 million as compared to a profit of \$1.0 million for the same period last year. The reduction in profitability is attributed to lower revenue resulting from delays in projects while the efficiencies from the businesses restructure has contributed to a positive EBITDA, even though revenues are significantly lower than expected in the first half of the financial year. EBITDA for the full year to 30 June 2014 is expected to be in excess of \$1.3 million, which is in line with forecasts.

The Technology division restructure has provided stability, streamlined processes that has increased efficiencies, profitability and customer service. The division has a clear focus on strengthening and increasing our sales and marketing across the key business units, which are being supplemented with third party finished product to complement the division's product range.

The SafeZone business unit is in the final stages of installing a SafeZone level crossing warning system trial site in the United Kingdom. The trial and evaluation is expected to continue through to the end of March and we anticipate a mass rollout of these systems commencing in the last quarter of this financial year. The project's potential is in excess of \$30.0 million over the next three years.

Additionally, the Technology division is starting to export our Emergency Alert Systems to Asia and the United States. It is anticipated that sales from this product range will increase both domestically and internationally during the last quarter of this financial year.

Furniture Division

The Furniture division's revenue for the first six months of this year was \$5.0 million which is \$2.0 million below the same period last year. This was largely due to orders being delayed by customers into the third quarter of this financial year as well as the cash flow constraints. Nonetheless, our Furniture Division expects to finish the year with sales of approximately \$14.0 million, which would represent an 11% increase over the previous year.

EBITDA for this reporting period was a loss of \$0.7 million as compared to loss of \$0.2 million for the same period last year. The lower than expected profitability continues to be affected by the competitive business environment over the slower than normal trading period, which is normally experienced in the first half of the financial year. A major contributor has been the delay in the capital raising the first stage of which was concluded on the 6 December 2013. The operations were unable to take advantage of the capital raising before the scheduled year end shutdowns of both customers and suppliers.

The anticipated EBITDA forecast for the full year is \$0.3 million as compared to the previous year's loss of \$0.6 million which is in line with forecast

Discontinued Operation

On 19 September 2013, Real Credentials Pty Ltd was de-registered followed by Unattended Retail Media Pty Ltd on 18 December 2013. The net gain has been recorded under discontinued operations for the six months ended 31 December 2013.

Financial Review

The Group's sales for the period ended 31 December 2013 were \$7.9 million which is a \$3.9 million below the comparative period last year. This was in part due to orders being delayed into the third and fourth quarters of the current financial year. The overall Revenue forecast for the full year from continuing operations is expected to be in the range of \$21 million to \$22 million.

The year to date Continuing operations EBITDA was a loss of \$1.1 million, which is a \$1.0 million below last year's result for the same period. This is a direct consequence of the reduced revenue for this period. However, this was partially offset by a reduction in overheads of \$0.9 million for the same period last year.

The projected EBITDA from continuing operations for the full year is expected to be in the order of \$0.5 million.

The Group's Continuing Operations Net Profit after Tax (NPAT) is a loss of \$0.9 million for the period ended 31 December 2013 (\$0.3 million for the previous corresponding period). Projected NPAT for the full year from continuing operations is estimated to be a profit of around \$0.5 million.

In addition, the company undertook a capital raising in the form of a convertible notes issues that raised \$2.8 million being 74% of the total issue by 31 December 2013. The majority of these funds were used to reduce interest bearing debt. The funds to be raised from the shortfall offer will be used to enhance the long awaited

operational benefits from overseas procurement program which will contribute towards an increase in the Gross Profit Margin during the fourth quarter of this financial year.

The Convertible Preference Share Shortfall Offer is open and will be closing on the 6 March 2013.

Events Subsequent to Reporting Date

There have been no significant changes in the state of affairs of the Group during the year up to the date of this report.

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

Executive Chairman

SYDNEY, on this 28th day of February 2014.



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 2013 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.

KPMG

Malcolm Kafer
Partner

Sydney

28 February 2014

Inventis Limited
Condensed Consolidated Interim Statement of Financial Position
As at 31 December 2013

	Note	31 Dec 2013 \$'000	30 Jun 2013 \$'000
Assets			
Cash and cash equivalents		709	165
Trade and other receivables		2,148	4,233
Inventories		3,943	3,744
Prepayments		182	23
Total current assets		<u>6,982</u>	<u>8,165</u>
Non-current assets			
Property, plant and equipment	6	568	616
Other financial assets		42	44
Deferred tax assets		-	-
Intangible assets		4,065	4,151
Total non-current assets		<u>4,675</u>	<u>4,811</u>
Total Assets		<u>11,657</u>	<u>12,976</u>
Liabilities			
Trade and other payables		3,559	4,760
Interest-bearing liabilities	7	1,488	3,311
Employee benefits		1,014	1,226
Total current liabilities		<u>6,061</u>	<u>9,297</u>
Non-current liabilities			
Employee benefits		90	86
Total non-current liabilities		<u>90</u>	<u>86</u>
Total liabilities		<u>6,151</u>	<u>9,383</u>
Net assets		<u>5,506</u>	<u>3,593</u>
Equity			
Share capital		32,256	29,021
Reserves		(2,097)	(1,641)
Accumulated losses		(24,653)	(23,787)
Total equity		<u>5,506</u>	<u>3,593</u>

The notes on pages 9 to 16 are an integral part of this interim financial report

Inventis Limited
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the Half Year Ended 31 December 2013

	Note	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Continuing Operations			
Revenue		7,847	11,746
Cost of Sales		(4,412)	(6,423)
Gross Profit		3,435	5,323
Other income		-	35
Expenses			
Manufacturing and operations		(1,392)	(1,680)
Engineering and quality assurance		(640)	(724)
Administration		(1,590)	(1,883)
Sales and marketing		(1,076)	(1,212)
Results from operating activities		(1,263)	(141)
Finance Income		513	81
Finance expense		(208)	(248)
Net finance income /(expense)		305	(167)
Loss before income tax		(958)	(308)
Income tax benefit		28	-
Loss from continuing operations		(930)	(308)
Discontinued operation			
Profit from discontinued operation, net of income tax	5	69	5,040
(Loss) / Profit for the period		(861)	4,732
Other Comprehensive income			
Foreign currency translation differences for foreign operations – (loss)		(456)	(61)
Net decrease to Revaluation reserve		-	(200)
Other comprehensive expense for the period		(456)	(261)
Total comprehensive (loss) / profit for the period		(1,317)	4,471
Loss per share			
		Cents	Cents
(Loss) / profit per share		(0.2)	3.0
Diluted (loss) / profit per share		(0.2)	3.0
Continuing operations			
Loss per share		(0.2)	(0.2)
Diluted loss per share		(0.2)	(0.2)

The notes on pages 9 to 16 are an integral part of this interim financial report

Inventis Limited
Condensed Consolidated Interim Statement of Changes in Equity
For the Half Year Ended 31 December 2013

	Issued Capital \$'000	Revaluation Reserve \$'000	Translation Reserve \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance as at 1 July 2012	28,320	404	(1,227)	(27,182)	315
Total comprehensive income for the period					
Profit for the period	-	-	-	4,732	4,732
Other comprehensive income					
Write down in re-valued asset	-	(200)	-	-	(200)
Foreign currency translation differences for foreign operations – loss	-	-	(61)	-	(61)
Total other comprehensive income for the period	-	(200)	(61)	-	(261)
Total comprehensive income/ (loss) for the period	-	(200)	(61)	4,732	4,471
Total Transactions with owners recorded directly in equity					
- Share issue costs	(11)	-	-	-	(11)
Balance as at 31 December 2012	28,309	204	(1,288)	(22,450)	4,775
Balance as at 1 July 2013	29,021	-	(1,641)	(23,787)	3,593
Total comprehensive income for the period					
Loss for the period	-	-	-	(861)	(861)
Other comprehensive income					
Foreign currency translation differences for foreign operations – gain	-	-	(456)	-	(456)
Total other comprehensive (loss) / income for the period	-	-	(456)	-	(456)
Total comprehensive (loss) / income for the period	-	-	(456)	(861)	(1,317)
Total Transactions with owners recorded directly in equity					
- Shares issued	3,260	-	-	-	3,260
- Shares costs	(25)	-	-	-	(25)
- Other	-	-	-	(5)	(5)
Total Transactions with owners recorded directly in equity	3,235	-	-	(5)	3,230
Balance as at 31 December 2013	32,256	-	(2,097)	(24,653)	5,506

The notes on pages 9 to 16 are an integral part of this interim financial report

Inventis Limited
Condensed Consolidated Interim Statement of Cash Flows
For the Half Year Ended 31 December 2013

	Note	31 Dec 2013 \$'000	31 Dec 2012 \$'000
Cash flows from operating activities			
Receipts from customers		10,597	16,092
Payments to suppliers and employees		(11,159)	(15,120)
Cash generated from operations		(562)	972
Interest received		2	3
Interest paid		(208)	(248)
Net cash from operating activities		<u>(768)</u>	<u>727</u>
Cash flows from investing activities			
Purchase of fixed assets		(100)	-
Net cash (used in) / from investing activities		<u>(100)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from rights offer		3,235	-
Proceeds from related party loan	7	475	-
Repayment of related party loan	7	(1,533)	-
Repayment of borrowings	7	(765)	(1,161)
Net cash used in financing activities		<u>1,412</u>	<u>(1,161)</u>
Net increase / (decrease) in cash and cash equivalents		544	(434)
Cash and cash equivalents at 1 July		165	609
Cash and cash equivalents at 31 December		<u>709</u>	<u>175</u>

The notes on pages 9 to 16 are an integral part of this interim financial report

INVENTIS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2013

Note 1: Reporting Entity

Inventis Limited (the “Company”) is a company domiciled in Australia and incorporated in Australia. The address of the Company’s registered office is Building 1A, Greystanes Park East, 1-5 Butu Wargun Dr, Pemulwuy, NSW, 2145. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the “Group”).

The consolidated annual financial report for the Group, as at and for the year ended 30 June 2013 is available upon request from the Company’s registered office or at www.inventis.com.au

Note 2: Basis of Preparation

a. Statement of compliance

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

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2013 and any public announcements made by Inventis Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The consolidated interim financial report was authorised for issue by the Board of Directors on 28 February 2014.

The company is of the 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.

b. Basis of measurement

The interim financial report has been prepared on the historical cost basis except for the following:

- property is measured at fair value
- financial instruments at fair value through profit or loss are measured at fair value

c. Functional and presentation currency

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

d. Les Bleus – Liquidation basis of Accounting

As at 30 June 2012, the Les Bleus Group (refer note 5) was in liquidation and receivership. During the half year ended 31 December 2012, the Les Bleus Group of companies were deregistered from New Zealand Companies House. The financial position and results relating to those entities were accounted on a basis other than going concern in the financial statements for reporting periods prior to and including the period ended 31 December 2012.

On 3 July 2012, the Receivers of the Les Bleus Group of Companies, a wholly owned group, filed a notice at the New Zealand Companies House informing of the end of their Receivership. Responsibility for the three companies which were in receivership and liquidation were transferred to the Liquidators while the rest of the companies were transferred to the Directors.

These companies had been deregistered during the period ended 31 December 2012. As a result, their carrying values were de-recognised from the statement of financial position and recognised through profit from discontinued operations for the comparative half year period.

INVENTIS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2013

Note 3: Significant Accounting Policies

a. 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 2013.

b. Estimates

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2013.

c. The Group has elected not to early adopt any accounting standards and amendments.

Note 4: Operating Segments

The Group comprises the following main business segments:

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

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

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

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

INVENTIS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2013

NOTE 4: Operating segments (continued)

(in thousands of AUD)	Furniture Division		Technology Division		Discontinued		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Total revenue	5,043	6,988	2,837	4,761	-	-	7,880	11,749
Inter-segment revenue	(52)	(13)	-	-	-	-	(52)	(13)
Interest revenue	2	3	-	-	-	-	2	3
Interest expense	(137)	(128)	(53)	(109)	-	-	(190)	(237)
Depreciation and amortisation	43	47	89	93	1	-	133	140
Reportable segment (loss)/profit before income tax	(295)	(935)	(128)	384	97	5,040	(326)	4,489
Other material non-cash items								
Unrealised foreign exchange gain / (loss)	583	(60)	-	-	-	-	583	(60)
Reportable segment assets	4,249	7,670	5,203	7,127	-	-	9,452	14,797
Reportable segment liabilities	(5,456)	(6,773)	(1,236)	(1,766)	-	-	(6,692)	(8,539)

INVENTIS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2013

NOTE 4: Operating segments continued

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

(in thousands of AUD)	31 Dec 2013	31 Dec 2012
Revenues		
Total revenue for reportable segments	7,880	11,749
Elimination of inter-segment revenues	(52)	(13)
Corporate revenues	19	10
Consolidated revenue from continuing operations	<u>7,847</u>	<u>11,746</u>
Profit or Loss		
Total profit / (loss) for reportable segments	(326)	4,489
Elimination of inter-segment profit / (loss)	-	-
Elimination of Discontinued operations	(97)	(5,040)
Unallocated amounts: other corporate expenses	(535)	243
Consolidated loss before income tax from continuing operations	<u>(958)</u>	<u>(308)</u>
	31 Dec 2013	30 Jun 2013
Assets		
Total assets for reportable segments	9,452	13,304
Eliminations / Corporate entity	2,205	(328)
Consolidated total assets	<u>11,657</u>	<u>12,976</u>
Liabilities		
Total liabilities for reportable segments	(6,692)	(9,127)
Eliminations / Corporate entity	541	(256)
Consolidated total liabilities	<u>(6,151)</u>	<u>(9,383)</u>

Other material items 2013 (including discontinued operations)

(in thousands of AUD)	Reportable Segment Totals	Adjustments	Consolidated Totals
Interest revenue	2	-	2
Interest expense	190	18	208
Depreciation and amortisation	133	10	143
Unrealised foreign exchange gain	583	-	583

Other material items 2012 (including discontinued operations)

Interest revenue	3	-	3
Interest expense	237	11	248
Depreciation and amortisation	140	13	153
Unrealised foreign exchange loss	(60)	-	(60)

INVENTIS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2013

NOTE 4: Operating segments 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 upon the geographical location of customers. Segment assets are based on the geographical location of the assets.

(in thousands of AUD)	31 Dec 2013		31 Dec 2012	
	Revenues	Non-current assets	Revenues	Non-current assets
Australia	6,447	4,553	10,071	5,394
New Zealand	1,400	123	1,675	142
Total	7,847	4,676	11,746	5,536

NOTE 5: Discontinued operations

Dormant Non-trading Companies

On the 19 September 2013 Real Credentials Pty Ltd was de-registered followed by Unattended Retail Media Pty Ltd on 18 December 2013. The net gain of \$69,000 has been recorded under discontinued operations for the six months ended 31 December 2013.

Les Bleus (Formerly Alpha Aviation)

As at 30 June 2012, the Les Bleus Group was in liquidation and receivership. During the half year ended 31 December 2012, the Les Bleus Group of companies was deregistered from New Zealand Companies House. The financial position and results relating to those entities were accounted on a basis other than going concern in the financial statements for reporting periods prior to and including the period ended 31 December 2012.

On 3 July 2012, the Receivers of the Les Bleus Group of Companies, a wholly owned group, filed a notice at the New Zealand Companies House informing of the end of their Receivership. Responsibility for the three companies which were in receivership and liquidation were transferred to the Liquidators while the rest of the companies were transferred to the Directors.

These companies had been deregistered during the period ended 31 December 2012. As a result, their carrying values were de-recognised from the statement of financial position and recognised through profit from discontinued operations for the comparative half year period.

(in thousands of AUD)	Consolidated Entity	
	31 Dec 2013	31 Dec 2012
Results of discontinued operations		
Revenue	-	-
Other income	-	-
Expenses	-	-
Profit on de-recognition	69	5,040
Results from operating activities	69	5,040
Net finance costs	-	-
Profit for the period	69	5,040

INVENTIS LIMITED

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 31 December 2013

NOTE 5: Discontinued operations continued

	Consolidated Entity	
	31 Dec 2013	31 Dec 2012
	cents	cents
Basic earnings per share	-	3.2
Diluted earnings per share	-	3.2
	Consolidated Entity	
	31 Dec 2013	31 Dec 2012
(in thousands of AUD)		
Cash flows from discontinued operations		
Net cash (used in)/ from operating activities	-	-
Net cash from investing activities	-	-
Net cash used in financing activities	-	-
Net cash used in discontinued operations	<u>-</u>	<u>-</u>

NOTE 6: Property Plant and Equipment

Acquisitions and disposals – Continuing Operations

During the six months ended 31 December 2013 assets were acquired of \$0.1 million (2012: Nil).

Note 7: Loans and Borrowings

The following loans and borrowings (non-current and current) were issued and repaid during the six months ended 31 December 2013:

(in thousands of AUD)	Currency	Interest Rate %	Face Value	Carrying Amount	Year of maturity
Balance as 30 June 2013				3,311	2013
<i>Proceeds</i>					
Related Party Loan	AUD	9.25-10.95		475	
<i>Repayments</i>					
Related Party Loan	AUD	9.25-10.95		(1,533)	
Net Debtors invoice finance	AUD	7.72-10.95		(615)	
Net Debtors invoice finance	NZD	10.72–10.95		(150)	
Balance as 31 December 2013				<u>1,488</u>	2014

INVENTIS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2013

Note 8: Related Parties

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

Non-executive directors	Executive Directors
Denis Pidcock (1 July 2013 to 9 July 2013) (Appointed Alternate Director on 8 February 2013)	Tony Noun Alfred Kobylanski (Alternate Director)
Anthony Mankarios (Appointed 9 July 2013)	
Peter Bobbin	

Executives – Key Management Personnel

Alfred Kobylanski
 Andrew Skaltsounis
 Bruce Roberts

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

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

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 2013	Purchases/ (disposal)	Held at 25 February 2014
Tony Noun	21,447,500	28,596,660	50,044,160
Peter Bobbin	85,700,000	85,671,786	171,371,786
Anthony Mankarios (Appointed 9 July 2013)	-	43,124,931	43,124,931
Alfred Kobylanski	12,700,00	16,933,320	29,633,320

iv. Loans from key management personnel and their related parties

A loan provided by an entity associated with Tony Noun was repaid during the period for both principal and interest of \$1.6 million.

NOTE 9: Going Concern

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

For the half year ended 31 December 2013, the Group recorded a loss of \$0.9 million from continuing operations.

INVENTIS LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 31 December 2013

NOTE 9: Going Concern continued

In relation to the Directors' assessment of the ability of the Group to continue as a going concern, and therefore, the basis of preparation of the financial report, the directors have considered the following:

- On 8 November 2013 the Directors opened a non-renounceable priority offer of four (4) Convertible Preference Shares (CPS) for every nine (9) ordinary class of shares to raise approximately \$3.78 million. The offer to existing shareholders closed on 6 December 2013 with a take up of 70.85% raising \$2.65 million. A partial shortfall allotment for a further \$0.14 million was placed on 13 December 2013. The Directors are continuing to seek investors for the shortfall which at the date of this report is \$1.0 million. The Directors are confident of raising additional funding through the placement of the shortfall to ensure that the Group is able to pay its debts as and when they become due and payable and provide additional working capital for the anticipated growth in the short to medium term. Further, at 31 December 2013 banking facilities of AUD 4.0 million and NZD 1.0 million were available to the Group.
- The Directors have reviewed the cash flow forecast for the Group and assuming the completion of raising new finance as noted above, believe that there will be sufficient cash inflows and facilities available to enable the Group to fund its operations for at least 12 months from the date these financial statements have been approved; and
- Management have forecast to generate a profit from continuing operations for the six months ended 30 June 2014 and for the year ended 30 June 2015.

The Directors have concluded that it is appropriate to prepare the financial report on a going concern basis, as they are confident the Group will be able to pay its debts as and when they become due and payable through positive cash flows from continuing operations and new equity funds. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

NOTE 10: Contingent Liabilities

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

NOTE 11: Events Subsequent to Reporting Date

There have been no significant changes in the state of affairs of the Group in the interval between the end of the half year ended 31 December 2013 and the date of this report.

INVENTIS LIMITED

For the half year ended 31 December 2013

Directors' Declaration

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

- (1) the financial statements and notes set out on pages 5 to 16, 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 2013 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 28th day of February 2014

Signed in accordance with a resolution of the directors.



Tony Noun
Executive Chairman



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

Report on the financial report

We have reviewed the accompanying interim financial report of Inventis Limited ("the Company"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2013, condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration 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 of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim 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 2013 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 an interim 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*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2013 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*.

A handwritten signature of the KPMG firm, written in black ink.

KPMG

A handwritten signature of Malcolm Kafer, written in black ink.

Malcolm Kafer
Partner

Sydney

28 February 2014