

Appendix 4E (Rule 4.3A)

Preliminary Final Report

Name of Entity	Inventis Limited
ABN	40 084 068 673
Financial Year Ended	30 June 2007
Previous Corresponding Reporting Period	30 June 2006

Results for announcement to the market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from continuing operations	30,777	76.88%
Profit / (loss) from ordinary activities after tax from continuing operations	614	(60.64%)
Net profit / (loss) for the period attributable to members	614	(60.64%)
Dividends (distributions)	Amount per security	Franked amount per security at 30% tax rate
Final Dividend	NIL	NIL
Interim Dividend	NIL	NIL
Record date for determining entitlements to the dividends (if any): nil		Not Applicable
<p>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</p> <p>Inventis now operates three divisions. These being, Commercial Furniture, Technology and Aviation.</p> <p>► Commercial Furniture</p> <p>Gregory Commercial Furniture is trading very satisfactorily and continuing to consolidate its position as a highly regarded supplier of ergonomic furniture, under the guidance of its new General Manager, Tim Whiteside.</p> <p>Gregory recently acquired Damba Commercial Furniture in Australia and New Zealand. This acquisition has not only created synergies and cost savings from the closure of Damba's Sydney factory, but also consolidates its position as a leading supplier of commercial furniture in Australia and provides us with a point of entry into the New Zealand market.</p> <p>► Inventis Technology</p> <p>Today's research is tomorrow's reality. To achieve this vision, our technology division now encompasses all three technology based companies in the group, namely, PNE Electronics, Opentec Solutions and Impart Light and Sound. This new cutting edge technology division will now be called "Inventis Technology".</p> <ul style="list-style-type: none"> • PNE Electronics, the corner stone of Inventis Technology, has a well respected 25 year history in electronic design engineering and manufacturing. It is one of Australia's largest manufacturers of electronic control systems for air conditioners, water and gas flow control systems as well as many other applications. 		

- Under the Impart brand, Inventis Technology manufactures a range of emergency light and sound systems for fire engines, ambulances and other emergency vehicles.
- Opentec manufactures rugged computers that can withstand the rigours of army use such as being dropped or being submerged in water for example and are extensively used by the Australian Army as battlefield command terminals. A significant opportunity for Opentec is the “in principal” agreement that has been reached with the Royal Saudi Government’s Ministry of Interior to supply our product to protect 480 border crossings as well as their 250,000 km oil pipeline, their power plants and other infrastructure.

Inventis Technology will also concentrate on designing and manufacturing its own branded products and selling these direct to the public. The commencement of this initiative is a range called “**my home**” which will help to save and use our natural reserves more effectively. This is in line with current ‘Green Policies’ and will focus on power generating equipment and ‘Intelligent’ systems which predict hot water consumption of a household resulting in very significant savings.

Another innovative development is “**SafeZone**”, which is a wireless controlled in-road warning system that alerts motorists to dangers on the road, thus protecting our school children, pedestrians and others. Trials with RTA have recently been concluded successfully and considerable enquiry has been received foreshadowing significant potential in both Australia and overseas.

► Aviation

Aviation formed part of inventis with effect 2 July 2007. Consequently, the results of Alpha are not included in the financial results provided herein.

The production of the Alpha two-seat, aluminium trainer aircraft is now being stepped up under the direction of its new General Manager, Gretchen Jahn, who previously headed up Mooney Aerospace corporation, a manufacturer of a high performance 4 seat aircraft. A production rate of four aircraft per month will be achieved this year and increasing to a production rate of eight aircraft per month by next year.

The worldwide requirement to train thousands of new pilots provides a secure platform on which to build Alpha Aviation with potential orders to date, far exceeding our supply capacity at this time.

In addition, agreement has been reached with a subsidiary of EADS (manufacturer of the Airbus) to form a joint venture to manufacture their 5-seat aircraft (TB20/21). Due diligence is currently being undertaken on this project which will be located in Hamilton New Zealand. This opportunity came about as a consequence of EADS Socata being so impressed with Alpha Aviation’s rapid implementation of the manufacturing facility for Alpha aircraft. Until Alpha Aviation reaches its full production rate, it will require ongoing funding but when in full production is reached, Alpha is projected to achieve revenue in the order of \$22 million per year.

► Financial Summary

The preliminary consolidated results for the financial year ended 30 June 2007 are:

\$(000)	2006 Actual	2007 Actual	2007 Forecast
Sales	17,400	30,777	32,557
NPAT	1,560	614	971

The Sales were 76.9% ahead of last year and included a full year of trading from PNE Electronics, 10 months trading by Impart Special Products and three months of trading from Damba Furniture. Net Profit after Tax was \$945,000 less than the results for the last financial year and some \$356,000 behind the projections given by the Directors in the recent Prospectus.

The Directors forecast the decrease in Net Profit After Tax (NPAT) on the 2006 financial year because of the expected costs of amalgamating all of the recent acquisitions and the impact of AIFRS on the amortisation of intangible assets. Whereas the main reason for the variation between the forecast and the actual sales results and the relative impact on NPAT was attributable to an order in the sum of \$1.4m received by Opentec, which could not be processed in time for close-off because of the inability to settle all the international financial requirements of the customer. It is anticipated that this order will be supplied this financial year.

The preliminary audited segmental information for the year ended 30 June 2007 was:

\$(000)		Sales	NPAT
Gregory Commercial Furniture	Actual	17,774	822
	Forecast	18,055	1,187
Inventis Technology	Actual	12,986	1,398
	Forecast	14,522	1,061
Corporate Costs	Actual	17	(1,605)
	Forecast	-	(1,573)

Sales for commercial furniture were almost on budget. However, the Net Profit after Tax was \$365,000 behind the Director's projections due to some unexpected costs in amalgamating Damba Furniture and in particular an increase in the amortisation costs.

Sales for the technology division were \$1.5 million down on the Directors projections due to being unable to process the order for \$1.4 million received by Opentec in the 2007 Financial Year. However, despite the lower sales, the technology division exceeded its projected Net Profit After Tax and thereby reflecting the improved profitability and operating efficiencies achieved in the financial year under review.

The Directors do expect that the 2008 financial year will be a year of significant growth for the Company, as set out below and in the projections released in the recent Prospectus.

Projections \$(000)	Sales	NPAT
Gregory Commercial Furniture	28,000	1,701
Inventis Technology	22,254	2,814
Alpha Aviation	11,958	(1,525)
Corporate	-	(1,677)
	62,213	754

Next year will see the first year of the fully combined group including Alpha Aviation and the Directors are expect significant growth from the commercial furniture division due to organic growth and a full year of trading from Damba Furniture and from the Technology division due to significantly increased sales in Opentec and from the initiatives in the development of new brand products.

Dividends

Date the dividend is payable	n/a
Record date to determine entitlement to the dividend	n/a
Amount per security	n/a
Total dividend	n/a
Amount per security of foreign sourced dividend or distribution	n/a
Details of any dividend reinvestment plans in operation	n/a
The last date for receipt of an election notice for participation in any dividend reinvestment plans	n/a

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	17.38c	14.8c

Other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

The Directors are of the opinion that Inventis is financially strong and well positioned to capitalise on any potential opportunities that may arise. Consequently, it will continue its focus on organic growth as well as merger and acquisition activity for efficiency, economies of scale, improved opportunity and enhanced shareholder value. Also, the Directors of Inventis have entered into discussions to expand the technology division through,

- the acquisition of another electronics company, which if successful will increase revenue by approximately \$15 million and NPAT by approximately \$2 million; and
- the acquisition of a design company, which has an impressive client list consisting of some of the world's leading companies and famous brand names. Should these discussions prove fruitful, substantial synergies will be available to our technology division from becoming a full service organisation with access and opportunity into the world arena. The immediate projected increase would be in the order of \$7m in revenue and \$1m in NPAT,

Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects:

	2007	Consolidated 2006
• Basic and diluted earnings per share	0.91c	3.5c
• Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	67,400,848	44,926,056
• Earnings used to calculate earnings per share	614,576	1,560,327

Returns to shareholders including distributions and buy backs:

- n/a

Significant features of operating performance:

- Refer to the comments above.

The results of segments that are significant to an understanding of the business as a whole:

- Refer segment note

Discussion of trends in performance:

[Please refer commentary above]

Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:


[Please refer commentary above]

Audit/Review Status

This report is based on accounts to which one of the following applies:			
The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited or subject to review	X	The accounts have not yet been audited or reviewed	
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:			
<ul style="list-style-type: none"> • Not applicable 			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:			
<ul style="list-style-type: none"> • Not applicable 			

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Income Statement, Balance Sheet, Cashflow Statement, Statement of Changes in Equity, Segment Note and Summary of Significant Accounting Policies.

<p>Signed By Director</p> 	<p>Signed By Director</p> 
Print Name: Tony H Noun	Print Name: Robyn J Himmelberg
Date: 31 August 2007	Date: 31 August 2007

Inventis Limited
Condensed Consolidated Income Statements
For the year ended 30 June 2007

		Consolidated	
	Notes	2007	2006
		\$	\$
Revenue from continuing operations	4	30,777,597	17,400,188
Cost of sales		<u>(16,819,111)</u>	<u>(11,419,770)</u>
Gross Profit		13,958,486	5,980,418
Other income	5	26,488	68,802
Manufacturing & Operation expenses		(5,068,385)	(1,266,208)
Engineering & Quality Assurance expenses		(543,450)	(1,126,301)
Administration expenses		(4,831,820)	(1,144,713)
Sales & Marketing expenses		<u>(3,232,026)</u>	<u>(338,278)</u>
Profit before income tax		309,293	2,173,720
Income tax benefit / (expense)		<u>305,283</u>	<u>(613,393)</u>
Profit attributable to members of Inventis Limited		614,576	1,560,327

Inventis Limited
Condensed Consolidated Balance Sheets
As at 30 June 2007

	Consolidated	
	2007	2006
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,444,968	5,040,718
Trade and other receivables	8,186,107	5,296,805
Inventories	5,642,159	3,457,570
Other financial assets	4,895,543	-
Current tax assets	108,752	-
Total current assets	20,277,529	13,795,093
Non-current assets		
Property, plant and equipment	2,581,120	2,124,640
Deferred tax assets	1,803,566	1,312,506
Intangible assets	6,964,122	4,469,397
Total non-current assets	11,348,808	7,906,543
Total assets	31,626,337	21,701,636
LIABILITIES		
Current liabilities		
Trade and other payables	5,531,936	5,257,625
Interest-bearing liabilities	985,435	10,510
Current tax liabilities	-	98,204
Employee benefits	1,554,806	778,362
Total current liabilities	8,072,176	6,144,701
Non-current liabilities		
Interest-bearing liabilities	1,812,093	33,352
Deferred tax liabilities	784,934	987,198
Employee benefits	123,193	298,687
Total non-current liabilities	2,720,220	1,319,237
Total liabilities	10,792,396	7,463,938
Net assets	20,833,941	14,207,698
EQUITY		
Contributed equity	18,219,058	11,545,683
Reserves	399,237	403,918
Retained profits	2,215,646	2,258,097
Total Equity	20,833,941	14,207,698

Inventis Limited
Condensed Consolidated Statements of Changes in Equity
For the year ended 30 June 2007

	Consolidated	
	2007	2006
	\$	\$
Total equity at the beginning of the financial year	14,207,698	5,779,957
Gain on revaluation of land and buildings, net of tax	-	223,767
Foreign Exchange Gain / (Loss) in Equity	(4,680)	-
Net income recognised directly in equity	(4,680)	223,767
Profit for the year	614,576	1,560,327
Total recognised income and expense for the year attributable to members	609,896	1,784,094
Transaction with equity holders in their capacity as equity holders:		
Dividends paid	(657,029)	(1,132,976)
Contributions of equity, net of transaction costs	6,673,376	7,776,623
Transfer out of capital profits reserve	-	(27,949)
Transfer into retained earnings	-	27,949
Total equity at the end of the financial year	20,833,941	14,207,698

Inventis Limited
Condensed Consolidated Cashflow statements
For the year ended 30 June 2007

	Consolidated	
	2007	2006
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	31,738,614	20,541,019
Payments to suppliers and employees (inclusive of goods and services tax)	(32,947,673)	(18,067,854)
Interest received	112,020	156,764
Interest Paid	(46,642)	-
Income taxes paid	(126,899)	(732,356)
Net cash inflow from operating activities	(1,270,580)	1,897,573
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	111,400	36,000
Transaction Costs on Share Issue	(248,550)	-
Proceeds and repayment Loan	2,775,218	(5,188)
Lease Liability Payment	(21,724)	-
Dividends paid to company's shareholders	(657,029)	(1,216,977)
Net cash inflow / (outflow) from financing activities	1,959,315	(1,186,165)
Cash flows from investing activities		
Payment for investment assets	(3,110,773)	988,703
Investment Associated Cost	(152,052)	-
Purchase of Fixed Assets	(471,316)	(272,067)
Purchase of Intangible (IP Capitalisation)	(600,849)	-
Proceeds from sale of Fixed Assets	50,232	7,142
Dividend received	273	115
Net cash (outflow) / inflow from investing activities	(4,284,485)	723,893
Net (Decrease) / increase in cash and cash equivalents	(3,595,750)	1,435,301
Cash and cash equivalents at the beginning of the financial year	5,040,718	3,605,417
Cash and cash equivalents at end of year	1,444,968	5,040,718

Inventis Limited
Notes to Financial Statements
As at 30 June 2007

Note 1 – Segment Note

2007	Office Furniture	Electronic Products	Intersegment eliminations/ Unallocated	Consolidated
	\$	\$	\$	\$
Sales to external customers	17,774,076	12,985,819	17,702	30,777,597
Intersegment sales	184,375	570,395	(754,770)	-
Total sales revenue	17,958,451	13,556,214	(737,068)	30,777,597
Other revenue/income	121,675	907,179	5,160	1,034,014
Total segment revenue/income	18,080,126	14,463,393	(731,908)	31,811,611
Interest Revenue	10,723	68,199	33,098	112,020
Interest Expense	(11,650)	49	(35,057)	(46,658)
Result				
EBITDA	1,841,828	1,578,408	(1,997,962)	1,422,274
Segment result	1,097,551	1,213,145	(2,001,402)	309,294
Unallocated expense	-	-	-	-
Profit before income tax	1,097,551	1,213,145	(2,001,402)	309,294
Income tax expense	(275,430)	185,213	395,499	305,282
Net profit for the year	822,121	1,398,358	(1,605,903)	614,576
Segment Assets	13,301,920	10,737,662	7,586,754	31,626,336
Unallocated Assets	-	-	-	-
	13,301,920	10,737,662	7,586,754	31,626,336
Segment Liabilities	4,435,302	2,765,785	3,591,310	10,792,397
Unallocated Liabilities	-	-	-	-
	4,435,302	2,765,785	3,591,310	10,792,397
Depreciation and amortisation	743,350	433,511	1,482	1,178,343

Inventis Limited
Notes to Financial Statements
As at 30 June 2007

2006	Office Furniture \$	Electronic Products \$	Intersegment eliminations/ Unallocated \$	Consolidated \$
Sales to external customers	3,167,160	14,009,373	-	17,176,533
Intersegment sales	-	-	-	-
Total sales revenue	3,167,160	14,009,373	-	17,176,533
Other revenue/income	137,513	156,595	-	294,108
Total segment revenue/income	3,304,673	14,165,968	-	17,470,641
Result				
Segment result	85,497	2,490,413	-	2,575,910
Unallocated expense	-	-	(402,190)	(402,190)
Profit before income tax	85,497	2,490,413	(402,190)	2,173,720
Income tax expense	-	-	(613,393)	(613,393)
Net profit for the year	85,497	2,490,413	(1,015,583)	1,560,327
Segment Assets	12,505,175	9,196,462	-	21,701,636
Unallocated Assets	-	-	-	-
	12,505,175	9,196,462	-	21,701,636
Segment Liabilities	4,974,534	2,519,404	-	7,493,938
Depreciation and amortisation	101,982	64,564	-	166,546

Note 1A – Segment Note – Operating Segments – by Geographical

2007	Australia	New Zealand	Intersegment eliminations/ Unallocated	Consolidated
	\$	\$	\$	\$
Sales to external customers	29,416,694	1,343,201	17,702	30,777,597
Intersegment sales	754,770	-	(754,770)	-
Total sales revenue	30,171,464	1,343,201	(737,068)	30,777,597
Other revenue/income	1,011,511	17,343	5,160	1,034,014
Total segment revenue/income	31,182,975	1,360,544	(731,908)	31,811,611
Interest Revenue	78,922	-	33,098	112,020
Interest Expense	(5,658)	(5,943)	(35,057)	(46,658)
Result				
EBITDA	3,561,887	(141,651)	(1,997,962)	1,422,274
Segment result	2,471,784	(161,087)	(2,001,403)	309,294
Unallocated expense	-	-	-	-
Profit before income tax	2,471,784	(161,087)	(2,001,403)	309,294
Income tax expense	(153,612)	63,395	395,499	305,282
Net profit for the year	2,318,172	(97,692)	(1,605,904)	614,576
Segment Assets	21,382,136	2,657,449	7,586,754	31,626,339
Unallocated Assets	-	-	-	-
	21,382,136	2,657,449	7,586,754	31,626,339
Segment Liabilities	6,421,785	779,302	3,591,310	10,792,397
Unallocated Liabilities	-	-	-	-
	6,421,785	779,302	3,591,310	10,792,397
Depreciation and amortisation	1,163,367	13,494	1,482	1,178,343

No Comparatives for the year 2006 as the New Zealand Business was acquired in this financial year.

Notes to and forming part of the segment information

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 2 and accounting standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, employee benefits and provision for service warranties. Segment assets and liabilities do not include income taxes.

Note 2: Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial information presented is as follows. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This financial information has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

(b) Critical accounting estimates

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

Significant assumptions used in preparation of the financial reports are:

1. *Valuation of Identifiable Intangibles – “Customer Relationships”* - this has been valued on a discounted cashflow basis, taking into account future revenues and likely “churn” rates in customer turnover. The discount rate has been based on a weighted average cost of capital for the Company.
2. *Valuation of Intellectual Property* – this has been based on a discounted cashflow of future notional royalties. The royalty has been assessed by reference to other comparable transactions and the discount rate takes into account risks and benefits associated with the intellectual property.
3. *Trademarks and Brandnames* – these have also been valued on a notional royalty basis and have been discounted using a weighted average cost of capital.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Inventis Limited ("company" or "parent entity") as at 30 June 2007 and the results of all subsidiaries for the year then ended. Inventis Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

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

(d) Business Combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired.

On 6th September 2006, PNE Electronics Pty Limited acquired 100% of the shares in Impart Special Products Pty Limited and payment was made by way of \$1,672,890 cash. The accounting for this business combination has been determined as permitted by AASB 3 Business Combinations.

On 1st April, 2007 Gregory Commercial Furniture Pty Ltd acquired all of the shares in Damba Furniture Pty Limited in Australia and the Business, Net Assets and Certain Liabilities in Damba Furniture Ltd New Zealand. Payment was made by way of 3,300,000 shares in Inventis Limited on the basis of \$0.55c per share. The accounting for this business combination has been provisionally determined as permitted by AASB3 Business Combinations. Inventis will carry out a Purchase Price Allocation on this acquisition prior to 31st December 2007.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to note 1(t)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Inventis Limited
Notes to Financial Statements
As at 30 June 2007

AASB 3 Business Combinations

	\$	
Total Share Issued 3,300,000 @ 55 cents	1,815,000	
Allocation		Ratio
Damba Furniture Pty Ltd – 2,034,198	1,118,809	61.64%
Damba Furniture Limited – 1,265,802	696,191	38.36%
	<hr/> 1,815,000	<hr/> 100.00%

** Subsidiary to Gregory Commercial Furniture Pty limited

Damba Furniture Pty Limited

Share Issued 2,034,198 @ 55 cents	1,118,809
Add:	
Cash Payment	1,118,831
Transaction Costs	86,743
Purchase Consideration	<hr/> 2,324,383 <hr/>
Net Tangible Assets Before Deferred Tax	789,168
Total Intangible	<hr/> 1,535,216 <hr/>
Less:	
AIFRS Adjustment on DTA	-
Plus:	
AIFRS Adjustment on DTL	-
Less:	
PPA – Other Intangible	-
Goodwill After Adjustment	1,535,216
	<hr/> 1,535,216 <hr/>

Inventis Limited
Notes to Financial Statements
As at 30 June 2007

AASB 3 Business Combinations

	\$	
Total Share Issued 3,300,000 @ 55 cents	1,815,000	
Allocation		Ratio
Damba Furniture Pty Ltd – 2,034,198	1,118,809	61.64%
Damba Furniture Limited – 1,265,802	696,191	38.36%
	<hr/> 1,815,000	<hr/> 100.00%

** Subsidiary to Inventis (NZ) Limited

Gregory Commercial Furniture (NZ) Limited

Share Issued 1,265,802 @ 55 cents	696,191
Add:	
Cash Payment	513,780
Transaction Costs	53,977
Purchase Consideration	<hr/> 1,263,948 <hr/>
Net Tangible Assets	1,062,008
Total Intangible Assets	<hr/> 201,940 <hr/>
Less:	
AIFRS Adjustment on DTA	-
Plus:	
AIFRS Adjustment on DTL	-
Less:	
PPA – Other Intangible Assets	-
Goodwill After Adjustment	201,940
	<hr/> 201,940 <hr/>

Inventis Limited
Notes to Financial Statements
As at 30 June 2007

AASB 3 Business Combinations

\$

** Subsidiary to PNE Electronics Pty limited

Impart Special Products Pty Limited

Cash	1,704,432
Additional Costs	11,331
Purchase Consideration – Impart	<u>1,715,763</u>
Net Tangible Assets	<u>367,387</u>
Total Intangible Assets	<u>1,348,376</u>
(Purchase Price Allocation – PPA)	
Intellectual Property	537,000
Customer Relationship	451,000
Goodwill	360,376
AIFRS Adjustment – Goodwill	135,300
Total Intangibles	<u>1,348,376</u>

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Cash and cash equivalents

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

(h) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Derivative Financial instruments

The Group has a New Zealand currency loan that potentially may be classified as an embedded derivative which is yet to be assessed.

(k) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

(l) Property, plant and equipment

Land and Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, to other reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of tax, is transferred from the property, plant and equipment revaluation reserve to retained earnings.

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Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Leasehold Improvements	2.5%
Plant and Equipment	9% -50%
Leased Plant and Equipment	20% - 33%
Furniture, Fittings & Improvements	11.25%-40%
Vehicles	22.5%
Leased Plant & Equipment	20%-33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(m) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) Intellectual Property, Customer Relationships and Brands

Intellectual property, customer relationships and brands have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over their estimated useful lives, which vary from 2 to 6 years.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

(o) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of balance sheet date are recognised in respect of employees' services rendered up to balance sheet date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sickleave are included as part of Employee Benefit Provisions.

(ii) Profit sharing and Bonus Plans

The Group recognises an expense and a liability for bonuses when the entity is contractually obliged to make such payments or where there is past practice that has created a constructive obligation.

(iii) Long service leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the balance sheet date. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at balance sheet date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(p) Contributed equity

Ordinary shares are classified as equity.

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

(q) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of Inventis Limited, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing

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activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(t) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and trade allowances.

Interest income is recognised on a time basis using the effective interest rate method.

Note 3 – Revenue from continuing operations

From continuing operations	2007	2006
	\$	\$
Sale of goods	30,777,597	17,400,188
	30,777,597	17,400,188

Note 4 – Other Income

Foreign exchange gains	7,383	11,302
Gain on sale of fixed asset	19,105	57,500
	26,488	68,802

Note 5 – Expenses

Depreciation	301,686	75,546
Amortisation of intangibles	876,656	91,000

Note 6 – Events Subsequent to Balance Date

The following events have occurred subsequent to balance date:

- Inventis Limited has acquired all the shares on issue in Alpha Aviation Limited. Total purchase price being \$11,018,853 which was settled by the issue of 27,547,133 ordinary Inventis Limited shares at 40c per share to the Alpha shareholders.